

Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

TO REIMBURSE MOVING EXPENSES OF FEDERAL EMPLOYEES

PLEASE RETURN TO USDA
NATIONAL AGRICULTURAL LIBRARY
LAW BRANCH, LEGISLATIVE REPORTING
Rm. 117-E, Admin Bldg.
Wash. D. C. Ext. 4654

HEARINGS BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON GOVERNMENT OPERATIONS HOUSE OF REPRESENTATIVES EIGHTY-NINTH CONGRESS

FIRST SESSION

ON

H.R. 10607

A BILL TO AMEND THE ADMINISTRATIVE EXPENSES ACT
OF 1946, AS AMENDED, TO PROVIDE FOR REIMBURSEMENT
OF CERTAIN MOVING EXPENSES OF EMPLOYEES, AND TO
AUTHORIZE PAYMENT OF EXPENSES FOR STORAGE OF
HOUSEHOLD GOODS AND PERSONAL EFFECTS OF EM-
PLOYEES ASSIGNED TO ISOLATED DUTY STATIONS
WITHIN THE CONTINENTAL UNITED STATES

SEPTEMBER 1 AND 14, 1965

Printed for the use of the Committee on Government Operations



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1965

COMMITTEE ON GOVERNMENT OPERATIONS

WILLIAM L. DAWSON, Illinois, *Chairman*

CHET HOLIFIELD, California	FLORENCE P. DWYER, New Jersey
JACK BROOKS, Texas	ROBERT P. GRIFFIN, Michigan
L. H. FOUNTAIN, North Carolina	OGDEN R. REID, New York
PORTER HARDY, Jr., Virginia	FRANK J. HORTON, New York
JOHN A. BLATNIK, Minnesota	DONALD RUMSFELD, Illinois
ROBERT E. JONES, Alabama	WILLIAM L. DICKINSON, Alabama
EDWARD A. GARMATZ, Maryland	JOHN N. ERLNBORN, Illinois
JOHN E. MOSS, California	HOWARD H. CALLAWAY, Georgia
DANTE B. FASCELL, Florida	JOHN W. WYDLER, New York
HENRY S. REUSS, Wisconsin	ROBERT DOLE, Kansas
JOHN S. MONAGAN, Connecticut	
TORBERT H. MACDONALD, Massachusetts	
J. EDWARD ROUSH, Indiana	
WILLIAM S. MOORHEAD, Pennsylvania	
CORNELIUS E. GALLAGHER, New Jersey	
WILLIAM J. RANDALL, Missouri	
BENJAMIN S. ROSENTHAL, New York	
JIM WRIGHT, Texas	
FERNAND J. ST GERMAIN, Rhode Island	
DAVID S. KING, Utah	
JOHN G. DOW, New York	
HENRY HELSTOSKI, New Jersey	

CHRISTINE RAY DAVIS, *Staff Director*

JAMES A. LANIGAN, *General Counsel*

MILES Q. ROMNEY, *Associate General Counsel*

J. P. CARLSON, *Minority Counsel*

RAYMOND T. COLLINS, *Minority Professional Staff*

EXECUTIVE AND LEGISLATIVE REORGANIZATION SUBCOMMITTEE

WILLIAM L. DAWSON, Illinois, *Chairman*

BENJAMIN S. ROSENTHAL, New York	JOHN N. ERLNBORN, Illinois
CHET HOLIFIELD, California	JOHN W. WYDLER, New York
HENRY S. REUSS, Wisconsin	
EDWARD A. GARMATZ, Maryland	
CORNELIUS E. GALLAGHER, New Jersey	

ELMER W. HENDERSON, *Counsel*

LOUIS I. FREED, *Investigator*

VERONICA B. JOHNSON, *Clerk*

CONTENTS

	Page
H.R. 10607-----	2
Statement of—	
Barclay, F. Henry, Jr., Assistant General Counsel, General Accounting Office; accompanied by James M. Campbell and Thomas J. Gallagher, attorneys-----	67
Dyal, Hon. Ken W., a Representative in Congress from the State of California-----	90
Kunkel, Hon. John C., a Representative in Congress from the State of Pennsylvania-----	71
McCart, John A., operations director, Government Employees' Council, AFL-CIO-----	76
Macy, John W., Jr., Chairman, Civil Service Commission-----	4
Meagher, George E., director of legislation, American Federation of Government Employees-----	83
Staats, Elmer B., Deputy Director, Bureau of the Budget; accompanied by George Mullins, Office of Management Organization-----	57
Vanderzyde, Theodore A., assistant to the president, District No. 44, International Association of Machinist and Aerospace Workers, AFL-CIO-----	84
Wolkomir, Nathan T., president, National Federation of Federal Employees-----	78
Letters, statements, etc., submitted for the record by—	
Barclay, F. Henry, Jr., Assistant General Counsel, General Accounting Office: Comparison of certain existing military and civilian travel benefits (under Administrative Expenses Act of 1946) and those proposed in H.R. 10607-----	70
Erlenborn, Hon. John N., a Representative in Congress from the State of Illinois: Excerpt from statement of Elmer B. Staats-----	64
Kunkel, Hon. John C., a Representative in Congress from the State of Pennsylvania: Statement-----	72
McCart, John A., operations director, Government Employees' Council, AFL-CIO: Statement-----	77
Macdonald, Hon. Torbert H., a Representative in Congress from the State of Massachusetts: Statement-----	89
Macy, John W., Jr., Chairman, Civil Service Commission:	
A report on moving expenses of Federal employees, March 1963--	15
Comparison of certain moving expense benefits for Foreign Service personnel, for civilian personnel in the United States, and proposed benefits under H.R. 10607-----	47
Excerpts from American Management Association Research Study entitled "Reimbursing Personnel for Transfer and Relocation Costs"-----	49
Letter from John W. Macy, Jr., to Hon. John W. McCormack, May 20, 1965-----	5
Letter from John W. Macy, Jr., to Hon. William L. Dawson, August 31, 1965-----	4
Proposed legislation to amend the Administrative Expenses Act of 1946, as amended-----	7
Statement of purpose and justification-----	8
Quote from President's message of May 12, 1965 (H. Doc. 170, 89th Cong.)-----	14

Letters, statements, etc.—Continued

	Page
Meagher, George E., director of legislation, American Federation of Government Employees: Statement.....	83
Nilan, Patrick J., legislative director, United Federation of Postal Clerks, AFL-CIO: Statement.....	86
Tunney, Hon. John V., a Representative in Congress from the State of California: Statement.....	91
Udall, Hon. Morris K., a Representative in Congress from the State of Arizona: Statement.....	92
Vanderzyde, Theodore A., assistant to the president, District No. 44, International Association of Machinist and Aerospace Workers, AFL-CIO: Statement.....	84
Wolkomir, Nathan T., president, National Federation of Federal Employees: Statement.....	82

TO REIMBURSE MOVING EXPENSES OF FEDERAL EMPLOYEES

(H.R. 10607—A Bill To Amend the Administrative Expenses Act of 1946, as Amended, To Provide for Reimbursement of Certain Moving Expenses of Employees, and To Authorize Payment of Expenses for Storage of Household Goods and Personal Effects of Employees Assigned to Isolated Duty Stations Within the Continental United States)

WEDNESDAY, SEPTEMBER 1, 1965

HOUSE OF REPRESENTATIVES,
EXECUTIVE AND LEGISLATIVE
REORGANIZATION SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met at 10:05 a.m. in room 2203, Rayburn Office Building, Hon. William L. Dawson (chairman of the committee) presiding.

Present: Representatives William L. Dawson, Chet Holifield, Benjamin S. Rosenthal, John N. Erlenborn, and John W. Wydler.

Also present: Elmer W. Henderson, counsel; James Lanigan, general counsel, Committee on Government Operations; and John P. Carlson, minority counsel.

Chairman DAWSON. The subcommittee will come to order.

These hearings have been called to consider H.R. 10607, providing for reimbursement of certain moving and storage expenses of Federal employees. The bill was introduced by our colleague, Congressman Rosenthal, at the suggestion of the U.S. Civil Service Commission.

It will raise the statutory weight limit for goods that Federal employees may ship from the present 7,000 to 11,000 pounds. It will permit the storage of household goods under certain circumstances at the expense of the Government. Under the bill, Federal employees may be reimbursed for the travel and subsistence costs of moving their families, and travel allowances will be provided for employees and their spouses to seek permanent living quarters at their new posts of duty. Also, certain costs of real estate transactions will be underwritten by the Government when employees are required to sell their homes and to purchase new ones. Other details of the bill will be revealed by the testimony of our witnesses.

(The bill, H.R. 10607, follows:)

[H.R. 10607, 89th Cong., 1st sess.]

A BILL To amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (a) of section 1 of the Administrative Expenses Act of 1946 (60 Stat. 806, as amended; 5 U.S.C. 73b-1(a)), is amended by—

(1) striking the words “the Act of February 14, 1931” appearing in the first parentheses contained therein, and inserting in lieu thereof “section 4 of the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 837)”;

(2) striking the word “seven” appearing in the second parentheses contained therein, and inserting in lieu thereof the word “eleven”;

(3) striking out of the first proviso contained therein the words “the Subsistence Expense Act of 1926 (5 U.S.C. 828)” and inserting in lieu thereof the words “section 5 of the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 838)”.

(b) Subsection (b) of section 1 of the Administrative Expenses Act of 1946 (60 Stat. 807, as amended; 5 U.S.C. 73b-1(b)), is amended by adding the following words immediately before the period at the end of the first sentence in the subsection “, except that payment of actual expenses may be made whenever, under regulations prescribed by the President, the head of the agency determines that such method of payment is more economical to the Government.”

SEC. 2. The Administrative Expenses Act of 1946 (60 Stat. 806), as amended, is further amended by adding the following new sections:

“Sec. 23. Under such regulations as the President may prescribe and to the extent deemed necessary and appropriate, as provided therein, appropriations or other funds available to the departments for administrative expenses shall be available for the reimbursement of all or part of the following expenses of officers or employees for whom the Government pays expenses of travel and transportation under subsection (a) of section 1 of this Act:

“(1) The expenses of per diem allowance in lieu of the subsistence expenses of the immediate family of the officer or employee while en route between his old and new official stations, not in excess of the maximum per diem rates prescribed in or pursuant to section 3 of the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 836).

“(2) The expenses of per diem allowance in lieu of subsistence of the officer or employee and his spouse, not in excess of the maximum per diem rates prescribed in the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 836), and the expenses of transportation to seek permanent residence quarters at a new official station when both the old and new stations are located within the continental United States, excluding Alaska, provided that such expenses may be allowed only for one round trip in connection with each change of station of the officer or employee.

“(3) The subsistence expense of the officer or employee and his immediate family for a period of thirty days while occupying temporary quarters when the new official station is located within the United States (including the District of Columbia, its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone: *Provided*, That the period of residence in temporary quarters may be extended for an additional thirty days when the officer or employee moves to or from Hawaii, Alaska, the territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone, except that reimbursement for subsistence expenses actually incurred may not exceed an amount determined from such average daily rates per person as may be prescribed in such regulations, but not in excess of the maximum per diem rates prescribed in or pursuant to section 3 of the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 836), for the localities in which the temporary quarters are located, for the first ten days of such period, two-thirds of such rates for the second ten days, and one-half for the balance of such period, including the additional thirty days.

"(4) The expenses of the sale of the residence (or the settlement of an unexpired lease) of the officer or employee at the old official station and purchase of a home at the new official station required to be paid by him when the old and new official stations are located within the United States (including the District of Columbia), its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone, but reimbursement for brokerage fees on the sale of the residence shall not exceed such fees as are customarily charged in the locality where the residence is located and no reimbursement shall be made for losses on the sale of the residence. This provision applies regardless of whether the title to the residence or the unexpired lease is in the name of the officer or employee alone, in the joint names of the officer or employee and a member of his immediate family, or in the name of a member of his immediate family alone.

"SEC. 24. Under such regulations as the President may prescribe and to the extent deemed necessary and appropriate, as provided therein, and notwithstanding other reimbursement authorized under this Act, an officer or employee who is reimbursed under section 1(a) or section 23 of this Act shall, if he has an immediate family, receive an amount equal to two weeks' basic compensation, or, if he does not have an immediate family, an amount equal to one week's basic compensation: *Provided*, That such amounts shall not exceed amounts determined from the maximum rate of grade GS-13 in the General Schedule of the Classification Act of 1949, as amended.

"SEC. 25. Under such regulations as the President may prescribe—

"(a) Whenever any civilian officer or employee (including any new appointee in accordance with section 7(b) of this Act, as amended) is assigned to a permanent duty station at an isolated location in the continental United States, excluding Alaska, to which he cannot take or at which he is unable to use his household goods and personal effects because of the absence of residence quarters at such location, nontemporary storage expenses or storage at Government expense in Government-owned facilities (including related transportation and other expenses), whichever is more economical, may be allowed such officer or employee under regulations issued by the head of the Executive Department or agency concerned. In no instance shall the weight of the property stored under this subsection, together with the weight transported under section 1 or section 7(b) of this Act, exceed the total maximum weight the officer or employee would be entitled to have moved, and the period of nontemporary storage shall not exceed three years.

"(b) This section does not authorize reimbursement to officers and employees traveling under orders issued more than sixty days prior to the effective date of this section.

"SEC. 26. Under such regulations as the President may prescribe and notwithstanding the provisions of the fourth proviso of section 1(a) of this Act, in transfers between departments for reasons of reduction in force or transfer of function, expenses authorized under section 1, subsections (a) and (b) and subsections (e) and (f) other than expenses authorized in connection with transfers to foreign countries, and under sections 23 and 24 of this Act may be paid in whole or in part by the department from which the officer or employee is transferred or by the department to which he is transferred, as may be agreed upon by the heads of the departments concerned.

"SEC. 27. Under such regulations as the President may prescribe, a former officer or employee separated by reason of reduction in force or transfer of function who is reemployed within six months of the date of such separation by a nontemporary appointment at a different geographical location from that where such separation occurred may be allowed and paid the expenses authorized by section 1 of this Act, and may receive the benefits authorized by sections 23 and 24 of this Act, in the same manner as though he had been transferred to the location of reemployment from the location where separated in the interest of the Government without a break in service.

"SEC. 28. Notwithstanding the provisions of subsections (a) and (b) of section 1, and of sections 23, 24, 25, and 27 of this Act, the travel and transportation expenses, including storage of household goods and personal effects, and other relocation allowances shall not be allowed thereunder when a civilian officer or employee is transferred within the continental United States, excluding Alaska, unless and until such officer or employee shall agree in writing to remain in the Government service for twelve months following his transfer, unless separated for reasons beyond his control and acceptable to the department or agency concerned. In case of violation of such agreement, any moneys expended by the

United States under said sections of this Act on account of such officer or employee shall be recoverable from him as a debt due the United States."

SEC. 3. Regulations under this Act shall be prescribed within ninety days following the date of enactment but shall be retroactive to such date.

Chairman DAWSON. As our first witness, we will hear from Chairman John W. Macy, of the U.S. Civil Service Commission. Chairman Macy.

STATEMENT OF JOHN W. MACY, JR., CHAIRMAN, CIVIL SERVICE COMMISSION

Mr. MACY. Mr. Chairman and members of the subcommittee, I am very pleased to have the opportunity this morning to discuss this subject of moving expenses, one that in my judgment deserves urgent consideration by this committee. I am happy to see that work is beginning promptly on H.R. 10607, introduced by Mr. Rosenthal on August 23.

Mr. Chairman, it might be helpful at this point if I were to cite some related documents with respect to this legislation for your consideration for insertion in the record. The first is the report of the Civil Service Commission of yesterday, August 31, commenting officially on this legislation; secondly, the Commission's letter to the Speaker, dated May 20, 1965, which sets forth the background information and justification for legislation of this type, and, thirdly, the President's pay message of May 12, 1965 (H. Doc. No. 170, 89th Cong.), which includes reference to the need for legislation in company with other provisions relating to Federal compensation.

It would be my suggestion, Mr. Chairman, that you might wish to insert those documents in the record at this point.

Mr. LANIGAN. Do you have them for the record at this point?

Mr. MACY. Yes, sir.

(Certain of the above-described material follows:)

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., August 31, 1965.

Hon. WILLIAM L. DAWSON,
Chairman, Committee on Government Operations,
House of Representatives,
Rayburn House Office Building.

DEAR MR. CHAIRMAN: This is in reply to your request of August 26, 1965, for the views of the Civil Service Commission on H.R. 10607, a bill to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

In most respects H.R. 10607 is identical to the Commission's proposal on employee moving expenses which was submitted to the Congress on May 20, 1965, in accordance with the President's message of May 12, 1965. However, certain additions and improvements have been incorporated in this bill as follows:

1. In new section 23(2), relating to reimbursement for house hunting, a proviso has been added limiting the number of house-hunting trips to one for each change of station.

2. In new section 23(3), relating to reimbursement for temporary quarters, language has been added to limit the period for which maximum per diem rates under the Travel Expense Act could be allowed to the first 10 days, with a maximum of two-thirds allowable for the next 10 days, and a maximum of one-half allowable for the remaining 10 days and any part of the additional 30 days which might be required in the case of employees moving to Hawaii, Alaska, and so on.

3. New section 23(4), relating to real estate costs, contains added language limiting reimbursable fees to those customarily charged in the locality.

4. New section 24, relating to the flat allowance, contains clarifying language providing that the allowance will be granted to the extent deemed necessary and appropriate. This section also has an added proviso limiting the maximum allowance to the maximum rate of grade GS-13 under the Classification Act of 1949, as amended.

5. The bill contains an added new section 28 which would require that employees who wish to be reimbursed for moving costs when they are transferred must agree to remain in the Federal service for 1 year following transfer or become liable to repay the amounts they have received.

The Commission does not object to these changes and, therefore, strongly endorses H.R. 10607.

The Bureau of the Budget advises that enactment of the bill will be consistent with the administration's objectives.

By direction of the Commission:

Sincerely yours,

JOHN W. MACY, Jr., *Chairman.*

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., May 20, 1965.

HON. JOHN W. MCCORMACK,
Speaker of the House of Representatives.

DEAR MR. SPEAKER: In accordance with the President's message of May 12, 1965, we are submitting with this letter, for the consideration of the Congress, proposed legislation which would authorize the reimbursement of certain of the moving expenses of civilian employees who are transferred in the interest of the Government to a place other than the one in which they have been living and working. There are enclosed a draft bill, a section analysis of the proposed bill, and a statement of purpose and justification.

The proposed bill covers four major types of employee moving expenses. First, with respect to transportation and storage of household goods, it would raise the current statutory limit on the weight of household goods shipped for which reimbursement can be made. Because of changes in the pattern of living of Federal employees in the 19 years since enactment of the Administrative Expenses Act, the existing limit is not adequate to cover the weight of goods shipped by a substantial proportion of Federal employees. We believe that increasing the statutory weight limit from 7,000 pounds to 11,000 pounds will more adequately reflect these changing needs. The proposed bill would also allow agencies to choose whether to ship employees' goods by Government bill of lading or under the commuted rate system now generally used, whichever is more economical.

Employees or new appointees assigned to a permanent duty station at an isolated location in the continental United States (except Alaska) where there are no residence quarters other than barracks or furnished rooms, or the like, would be reimbursed for storage of household goods for up to 3 years or could have goods stored in Government-owned facilities under regulations to be issued by the President. Alaska is excluded because storage of household goods for employees in Alaska is covered under Public Law 88-266.

Second, with respect to travel and subsistence allowances for employees and their families, the bill would permit reimbursement for the travel expenses of the immediate family while en route to the new official station (in addition to the cost of their transportation, which is already provided), round trip travel for the employee and his spouse to seek permanent quarters, and expenses while occupying temporary quarters for up to 30 days (or 60 days for certain locations where shipment of household goods takes more than 30 days).

All employees would not receive reimbursement for each of these types of expenses. Reimbursement would depend on actual expenses for these items, and would be limited by geographical considerations, except in the case of family travel to the new official station. House-hunting trips would be limited to the continental United States (excluding Alaska). Subsistence for temporary quarters would be limited to nonforeign areas. Reimbursement would be at rates established by regulations of the President within per diem rates prescribed in or pursuant to section 3 of the Travel Expense Act of 1949, as amended.

Third, the proposed bill would permit reimbursement for certain costs of real estate transactions in accordance with regulations to be established by the President. Expenses the employee is required to pay in selling his home at the old official station (or settling an unexpired lease) and in purchasing a home at the new official station could be reimbursed on an actual expense basis. Reimbursement would not be authorized for losses on the sale.

Fourth, employees would receive a flat allowance to cover miscellaneous expenses of their move not otherwise provided for. Single movers would receive an amount equal to 1 week's basic compensation, and employees with an immediate family would receive the equivalent of 2 weeks' basic compensation.

Although the bill is intended primarily for the benefit of civilian employees moving within the United States, a small number of employees engaged in overseas moves who are not covered by military or Foreign Service Act moving expense provisions would be covered under this bill.

They would not, however, be reimbursed under this bill for temporary quarters overseas. Also certain former employees whose moving expenses would have been paid if they could have been kept on the rolls until placed in a reduction-in-force or a transfer of function would be able to receive benefits under this bill if they obtained a nontemporary appointment to a Federal position within 6 months of their separation.

The Civil Service Commission is proposing this legislation both as a matter of equity to employees and as a matter of good administrative practice for Government. Underlying this proposal is the basic principle that when employees are transferred at the request of the Government the object is to improve the efficiency of the service. Transfers are usually made at Government convenience with respect to time, location, and frequency. Financial losses should, therefore, be largely assumed by the Government. A well-conceived and administered reimbursement plan will insure equitable treatment, encourage employees to transfer willingly, and implement internal promotion and career development programs.

We have data, obtained in a study of more than 5,000 employees, which clearly establishes that most Federal employees who move at the request of their agencies have to pay substantial costs of the types enumerated above out of their own pockets. This loss is not reimbursable despite the fact that the agency rather than the employee is both the initiator and the prime beneficiary of the move. We believe that this situation should be corrected, and that the Government should provide its employees more substantial protection against financial hardship resulting from moves they make at its request. While the proposed legislation does not assure the elimination of all losses, it is a major step forward.

Nonreimbursable costs of moving are significant deterrents to relocation for many employees. If experienced employees are unwilling or unable to take the financial loss, their agency loses their services. The agency may have to promote less well-qualified people or spend time and money finding, hiring, and training replacements. This is poor economy in the short run and is even poorer economy in the long run, for a reasonable degree of geographic mobility is an essential element in a sound career service.

The need for greater financial assistance to employees who move is increasing. For example, the current Department of Defense program to close certain installations may lead to a substantial number of employee moves. Other agencies have also been experiencing greater needs to shift employees as a result of automation or changing organizational requirements. Changes on such a scale will frequently be too large to permit absorption of excess employees into other Federal jobs in the community. In some cases, of course, the Federal establishment being closed is the only one of its kind in the vicinity. Therefore, employees may be faced with moves to distant places if they wish to continue their Federal careers. In these circumstances, it is difficult enough for employees and their families to cut established ties and to resettle in an unfamiliar place without also having to pay out of their own pockets for ordinary, reasonable expenses associated with the move.

The proposed legislation should increase the acceptability of transfers necessary in the interest of the Government. It would bring Government's practices with respect to its civilian employees closer in line with the more progressive and realistic practices of private business. It deserves sympathetic consideration by the Congress.

In accordance with the provisions of the act of July 25, 1956 (70 Stat. 652; 5 U.S.C. 642a), we estimate the Government-wide annual cost of the proposed legislation at about \$22 million.

The proposed legislation will not involve any expenditure for personal services. Funds to pay the reimbursement authorized by the proposed legislation would be secured by the individual agencies through their regular appropriation requests to the Congress.

The Bureau of the Budget advises that enactment of the recommended bill will be consistent with the administration's objectives.

A similar letter is being sent to the President of the Senate.

By direction of the Commission.

Sincerely yours,

JOHN W. MACY, Jr., *Chairman.*

A BILL To amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (a) of section 1 of the Administrative Expenses Act of 1946 (60 Stat. 806, as amended; 5 U.S.C. 73b-1 (a)), is amended by—

(1) striking the words "the Act of February 14, 1931" appearing in the first parentheses contained therein, and inserting in lieu thereof "section 4 of the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 837)";

(2) striking the word "seven" appearing in the second parentheses contained therein, and inserting in lieu thereof the word "eleven";

(3) striking out of the first proviso contained therein the words "the Subsistence Expense Act of 1926 (5 U.S.C. 828)" and inserting in lieu thereof the words "section 5 of the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 838)".

(b) Subsection (b) of section 1 of the Administrative Expenses Act of 1946 (60 Stat. 807, as amended; 5 U.S.C. 73b-1 (b)), is amended by adding the following words immediately before the period at the end of the first sentence in the subsection " , except that payment of actual expenses may be made whenever, under regulations prescribed by the President, the head of the agency determines that such method of payment is more economical to the Government."

SEC. 2. The Administrative Expenses Act of 1946 (60 Stat. 806), as amended, is further amended by adding the following new sections:

"SEC. 23. Under such regulations as the President may prescribe and to the extent deemed necessary and appropriate, as provided therein, appropriations or other funds available to the departments for administrative expenses shall be available for the reimbursement of all or part of the following expenses of officers or employees for whom the Government pays expenses of travel and transportation under subsection (a) of section 1 of this Act:

"(1) The expenses of per diem allowance in lieu of the subsistence expenses of the immediate family of the officer or employee while en route between his old and new official stations, not in excess of the maximum per diem rates prescribed in or pursuant to section 3 of the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 836).

"(2) The expenses of per diem allowance in lieu of subsistence of the officer or employee and his spouse, not in excess of the maximum per diem rates prescribed in the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 836), and the expenses of transportation to seek permanent residence quarters at a new official station when both the old and the new stations are located within the continental United States, excluding Alaska.

"(3) The subsistence expenses of the officer or employee and his immediate family for a period of 30 days while occupying temporary quarters when the new official station is located within the United States (including the District of Columbia), its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone provided that the period of residence in temporary quarters may be extended for an additional 30 days when the officer or employee moves to or from Hawaii, Alaska, the territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone, except that reimbursement for subsistence expenses actually incurred may not exceed an amount determined from such average daily rates per person as may be prescribed in such regulations, but not in excess of the maximum per diem rates prescribed in or pursuant to section 3 of the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 836), for the localities in which the temporary quarters are located.

"(4) The expenses of the sale of the residence (or the settlement of an unexpired lease) of the officer or employee at the old official station and purchase of a home at the new official station required to be paid by him when the old and new official stations are located within the United States (including the District of Columbia), its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone, but no reimbursement shall be made for losses on the sale of the residence. This provision applies regardless of whether the title to the residence or the unexpired lease, is in the name of the officer or employee alone, in the joint names of the officer or employee and a member of his immediate family or in the name of a member of his immediate family alone.

"Sec. 24. Under such regulations as the President may prescribe and notwithstanding other reimbursement authorized under this Act, an officer or employee who is reimbursed under section 1(a) or section 23 of this Act shall, if he has an immediate family, receive an amount equal to two week's basic compensation, or, if he does not have an immediate family, an amount equal to one week's basic compensation.

"Sec. 25. Under such regulations as the President may prescribe—

"(a) Whenever any civilian officer or employee (including any new appointee in accordance with section 7(b) of this Act, as amended) is assigned to a permanent duty station at an isolated location in the continental United States, excluding Alaska, to which he cannot take or at which he is unable to use his household goods and personal effects because of the absence of residence quarters at such location, nontemporary storage expenses or storage at Government expense in Government-owned facilities (including related transportation and other expenses), whichever is more economical, may be allowed such officer or employee under regulations issued by the head of the Executive Department or agency concerned. In no instance shall the weight of the property stored under this subsection, together with the weight transported under section 1 or section 7(b) of this Act, exceed the total maximum weight the officer or employee would be entitled to have moved, and the period of nontemporary storage shall not exceed three years.

"(b) This section does not authorize reimbursement to officers and employees traveling under orders issued more than sixty days prior to the effective date of this section.

"Sec. 26. Under such regulations as the President may prescribe and notwithstanding the provisions of the fourth proviso of section 1(a) of this Act, in transfers between departments for reasons of reduction in force or transfer of function, expenses authorized under section 1, subsections (a) and (b), and subsections (e) and (f) other than expenses authorized in connection with transfers to foreign countries, and under sections 23 and 24 of this Act may be paid in whole or in part by the department from which the officer or employee is transferred or by the department to which he is transferred, as may be agreed upon by the heads of the departments concerned.

"Sec. 27. Under such regulations as the President may prescribe, a former officer or employee separated by reason of reduction in force or transfer of function who is reemployed within six months of the date of such separation by a nontemporary appointment at a different geographical location from that where such separation occurred may be allowed and paid the expenses authorized by section 1 of this Act, and may receive the benefits authorized by sections 23 and 24 of this Act, in the same manner as though he had been transferred to the location of reemployment from the location where separated in the interest of the Government without a break in service."

SEC. 3. Regulations under this Act shall be prescribed within ninety days following the date of enactment but shall be retroactive to such date.

STATEMENT OF PURPOSE AND JUSTIFICATION

PURPOSE

To reduce financial losses incurred by employees when they are transferred in the interest of the Government.

JUSTIFICATION

When a Federal agency has decided that it is necessary or desirable to transfer an employee to another official station, the agency should pay the expenses of the move. The employee should not have to contribute, sometimes substantially, to cover the cost of a move primarily for the benefit of the Government.

Agencies move employees for two basic reasons. On the one hand changes in the amount of work, or shifts in program emphasis or organizational structure may require the transfer of people and functions. The current Department of Defense program for closing unnecessary installations is one case in point. Automation of processes in such agencies as the Internal Revenue Service is another, and there are many more. On the other hand, periodic moves of personnel are a requirement of certain kinds of occupations and agency career programs. Regular changes of duty stations are a feature of particular occupations such as bank examining, in which it is important to maintain objectivity. Certain career systems such as that of the Forest Service are built around progressive shifts of personnel to locations which have positions of greater responsibility.

Under the Administrative Expenses Act of 1946, as amended, the Government pays for some of the basic costs of moving its employees, i.e., per diem for the employee and transportation of the employee, his family, and his household goods. There is ample evidence to indicate that for most employees these payments fall substantially short of covering all the necessary and reasonable expenses related to moving. Understandably, this leads to reluctance to move. When employees are unable or unwilling to transfer, Government's efficiency drops and its costs go up. Besides losing the services of experienced employees, agencies may have to promote less well-qualified people or spend extra time and money to find, hire, and train new people to do the work. Agencies say that the certain prospect of financial losses which the employee can ill afford frequently tips the scale against the experienced employee's making the move his agency needs to have him make.

At the same time, in large scale shifts of personnel such as may occur under the current program of the Department of Defense to close installations, employees may have to make geographical moves or face protracted unemployment. This would be particularly likely for employees with substantial service who have skills which may not be readily marketable in the community where they have worked. For these employees, the difficulties of breaking long-established ties, selling their homes, and so on, would be compounded by the necessity to pay entirely out of their own resources the many expenses typically incurred in moving that are not reimbursable under current laws. Expenses that are necessary and reasonable for employees to incur should be borne largely by management when it is in management's interest that the moves take place.

Item coverage

Studies have consistently shown that most Federal employees lose money when they move. A Commission survey of more than 5,000 employees who moved in fiscal 1962 showed for the more than 80 percent of the respondents who reported net losses an average loss of \$558 on the items covered in the survey. The object of this bill is to eliminate or reduce such losses for the following types of expenses commonly encountered by employees when they move:

1. *Transportation of household goods.*—The current reimbursable weight limit on the shipment of household goods is 7,000 pounds. About one family in five ships goods in excess of this limit and others dispose of goods they would like to keep in order to come within the limit. The bill would raise the maximum weight limit for which employees could be reimbursed to 11,000 pounds. This is the same limit in use by the military. Most employees would ship goods well within this limit. The bill also provides a technical change to authorize the use of Government bills of lading instead of the commuted rates system when employees are transferred between posts of duty in the 48 contiguous States and the District of Columbia. Prior to 1946, the Government arranged to ship household goods on Government bills of lading. This involved the Government in many administrative operations, such as negotiating and awarding contracts to carriers for transportation and accessorial services, inspecting the packing and crating operations, paying bills, auditing payments, and settling losses and damage claims. The commuted rates system was authorized in section 1(b) of the Administrative Expenses Act of 1946 to simplify the administrative problem. Under this system, the employees make their own arrangements with carriers, pay for the transportation and then are reimbursed by the Government according to a scale of commuted rates. Although this system is satisfactory for many types of shipments, occasions arise when very substantial savings can be accomplished through use of the Government bill of lading system. In these instances, Government agencies should have discretionary authority to take advantage of the savings by using Government bills of lading. The system would continue to be subject to regulations of the President as at present.

2. *Family travel expenses.*—The Government does not currently reimburse employees for family travel (other than transportation) from the old official station to the new or for house-hunting trips to the new station to locate permanent quarters. These expenses are commonly encountered in moving. The bill would permit per diem in lieu of subsistence for family travel to the new station. It would permit per diem and transportation for the employee and his spouse for round trip travel to find permanent quarters at the new official station, as long as the trip was within the 48 contiguous States and the District of Columbia. Per diem rates for family members would be set within the maximum rates prescribed in or pursuant to section 3 of the Travel Expense Act, as amended, and the number and length of trips to locate permanent quarters would be prescribed by regulation.

3. *Subsistence in temporary quarters.*—Temporary quarters for the employee or the employee and his family are a frequent item of necessary expense in employee moves. Under this bill employees and their immediate families who had this kind of expense would in most cases be permitted up to 30 days' subsistence in temporary quarters (employees moving to or from certain enumerated areas could have up to 60 days when shipping time exceeds 30 days. Generally employees would not need to use the full period allowed).

A flat subsistence allowance would not be paid. Reimbursement would be made only for actual subsistence expenses incurred, based on acceptable evidence, and at rates well within the limits set by reference to the maximum per diem rates prescribed in or pursuant to section 3 of the Travel Expense Act, as amended. Appropriate fractional per diem rates could be set for the spouse and other members of the immediate family, and rates diminishing over time could be established to encourage moves to permanent quarters. Reimbursement for subsistence would be allowed only for temporary quarters in the United States, the District of Columbia, the territories and possessions, Puerto Rico, and the Canal Zone.

4. *Real estate transactions.*—The expenses of selling the home and buying another were the sources of the heaviest losses reported in the Commission's survey of Federal employees. Costs of selling the old home averaged \$677 and closing costs paid by the employee on new homes averaged \$297.

The bill would permit reimbursement for such costs on an actual expense basis, including settlement of unexpired leases for employees moving from rented quarters. Reimbursement would be provided only for expenses required to be paid by the employee. Appropriate rates of reimbursement would be set by regulation to reflect standard or average charges for the locality where the expense is incurred. Allowable expenses could vary in individual cases and from place to place, but might include such items as State and local transfer taxes, necessary legal fees and broker's commissions, documentary stamps, settlement costs, title search, recording fees, and the like.

5. *Miscellaneous expenses.*—Although the major items of moving expense are identified with the areas mentioned above there are numerous contingencies and smaller items of expense which are individually not burdensome, but when taken together come to sizable amounts. Such items as losses on prepaid fees, auto registration, use taxes, connecting appliances, and many others fall in this category. They are legitimate moving costs which merit reimbursement but they would be administratively burdensome to handle on an actual expense basis. Therefore, the bill proposes a flat allowance related to the principal determinants of the size of employee moving expenses, that is, salary level and family status. Employee losses on moves increase with grade level and are higher for employees with dependents than for employees without dependents. Single movers would receive the equivalent of 1 week's basic compensation and employees with an immediate family the equivalent of 2 week's basic compensation to cover these other costs of moving. A showing of actual expense would not be required.

6. *Storage of goods.*—Storage expenses for household goods of employees moving to isolated locations in the continental United States (excluding Alaska) where there are no residence quarters could be paid for up to 3 years or goods would be stored in Government-owned facilities. In contrast to other provisions of the bill, this proposed authority for reimbursement for extended storage of household goods would not be broadly applicable to employee moves. It is a special provision designed to meet the unique situation of agencies which must assign employees for permanent duty at places where housing is not available.

The Army and the Air Force, for example, are engaged in activating missile sites at remote, sparsely populated locations. The relatively short duration of the projects to activate these sites (8 to 36 months) makes it difficult to interest builders in putting up housing. Consequently, Federal employees assigned to such locations must live in contractor-furnished trailers or similar make-shift quarters where they cannot use their household goods. The costs of storing household goods for extended periods makes employees reluctant to accept such assignments and hampers recruitment. Thus the proposed authority is intended to alleviate this situation where there are no residence quarters at the site or within reasonable commuting distance.

Employee coverage

The proposed legislation would not cover employees who are reimbursed for moving expenses under other statutes, e.g., Foreign Service personnel and other personnel who are reimbursed for moving under the terms of the Foreign Service Act. It would not apply to intermittently employed experts and consultants on per diem pay, employees transferring in their own interest, and all other persons not entitled to Government-paid travel. It would, however, apply to former employees who had been separated from the service in a reduction-in-force or a transfer of function and who could have been transferred at Government expense except for the fact that placement was not made prior to their separation. Persons in this situation could benefit from this bill if they obtained a nontemporary appointment to a Federal position within 6 months of the time they were separated.

Geographical coverage

The increased weight limit, per diem for family travel en route to the new official station, and the allowance for miscellaneous expenses would apply in the United States and overseas. The provision for storage of household goods would apply only to employees in the continental United States, excluding Alaska. (Employees in Alaska are covered as to storage of household goods by Public Law 88-266 of February 5, 1964.) The provision for "househunting" per diem would apply within the continental United States excluding Alaska.

The provision for reimbursement for subsistence expense in temporary quarters would apply only to employees moving to official stations within the United States (including the District of Columbia) its territories and possessions, Puerto Rico, and the Canal Zone. (Reimbursement for temporary quarters overseas is already provided by the Overseas Differentials and Allowances Act.) The provisions for reimbursement of real estate expenses would apply only in the same area as covered for subsistence in temporary quarters.

What is done for others?

There are substantial precedents for the types of reimbursement proposed in this bill. The Government already provides a special relocation allowance, equal to the basic monthly allowance for quarters, for a member of the uniformed services whose dependents move when he has a permanent change of station. (Career Incentive Act of 1955, Public Law 20, 84th Congress.)

The Government already provides for officers and employees transferring under the Foreign Service Act of 1946 allowances and reimbursement covering many expenses of the kinds proposed to be covered under this bill (60 Stat. 1025, 1026, and 1027). Legislation passed in the 86th Congress provides other civilian employees assigned to foreign areas with special transfer allowances for extraordinary, necessary, and reasonable expenses, not otherwise compensated for (Public Law 86-707).

Business is far more generous in reimbursing its employees for company moves than is the Government in dealing with its civilian employees. A 1964 study of industry practice¹ confirms earlier studies by the National Industrial Conference Board and others that the great majority of businesses having specific policies on transfer expenses (generally the larger firms) do everything possible, within reason, to ease the burden on employees who are asked to move. Practically all underwrite temporary living expenses and moving and storage costs. In addition, other allowances or combinations are granted, especially in the case of management and professional employees who frequently are guaranteed against real estate losses and are afforded various types of assistance in disposing of homes and in meeting other expenses.

¹ American Management Association Research Study 67, Reimbursing Personnel for Transfer and Relocation Costs.

Administration of the proposed legislation

Regulations for administration of the proposed legislation would be issued for the President by the Director, Bureau of the Budget, who prescribes other regulations under the Administrative Expenses Act. For interagency moves, the head of the agency to which the move is made would determine whether a transfer is in the Government's interest. However, when an interagency move results from a reduction in force or transfer of function the transfer would be presumed in the Government's interest unless there was a specific determination otherwise and the agency losing the employee would be able to share the cost of the move. Heads of executive departments and agencies using the extended storage authority would issue implementing regulations.

Cost

Although a number of variables are involved which preclude precise cost estimates at this time the annual cost to the Government is estimated at \$22 million. Approximately 25 percent of this cost would be for transportation, travel, and subsistence expenses, approximately 33 percent for real estate expenses, and the remaining 42 percent for the miscellaneous expense allowance.

SECTION ANALYSIS

Subsection (1) (a)

1. Reference to section 4 of the Travel Expense Act of 1949, as amended (5 U.S.C. 837), is substituted for the reference to the act of February 14, 1931, as the latter was repealed by section 9(a) of the Travel Expense Act of 1949 and replaced by section 4 of that act.

2. Substituting "eleven" for "seven" in the second parentheses would permit reimbursement for the transportation of up to 11,000 pounds of household goods and personal effects, rather than 7,000 pounds.

3. Reference to section 5 of the Travel Expense Act of 1949 (5 U.S.C. 838) is substituted for the reference to the Subsistence Expense Act of 1926 (5 U.S.C. 828), as the latter was repealed by section 9(a) of the Travel Expense Act of 1949 and replaced by section 5 of that act.

Subsection (1) (b)

This subsection adds wording to permit greater use of Government bills of lading in domestic shipments of household goods.

Subsection (b) presently authorizes, under regulations of the President, the use of the commuted rates system for transportation of employees' household goods between posts of duty in the contiguous 48 States and the District of Columbia. Ordinarily, it is believed that this system should be retained for use but occasionally transportation costs to the Government can be substantially reduced through use of Government bills of lading. Some flexibility is needed so that the Government bill of lading system may be used when these savings can be accomplished. By the insertion, flexibility would be provided so that either system could be used depending on which would be more economical to the Government. The Government bill of lading system presently applies outside the contiguous 48 States and the District of Columbia.

Section 2

This section adds four new sections to the Administrative Expenses Act.

New section 23

This section provides that, under regulations to be established by the President, employees transferred for the convenience of the Government may be reimbursed for all or part of the four types of expenses enumerated in the section. Regulations governing reimbursement for these expenses would be issued for the President by the Bureau of the Budget which establishes regulations for travel and moving expenses under the Travel Expense Act of 1949 and the Administrative Expenses Act of 1946.

Employee coverage is limited to those who would be eligible for reimbursement under section 1(a) of the Administrative Expenses Act and is further limited in paragraphs (2), (3), and (4) to certain geographical areas. Per diem allowances in lieu of subsistence provided for in paragraphs (1) and (2) could not exceed the maximum per diem rates prescribed in or pursuant to section 3 of the Travel Expense Act of 1949, and the daily rates to be prescribed for subsistence expenses per person under paragraph (3) would also be subject to these maximum rates.

Paragraph (1) provides that an officer or employee may receive per diem allowances in lieu of subsistence for members of his immediate family while en route to the new official station. This authority would permit reimbursement for such expenses as food and lodging of family members and could be paid for travel within or outside the United States.

Paragraph (2) provides that an employee may receive per diem allowances in lieu of subsistence and round trip transportation expenses of himself and his spouse for travel to seek permanent residence quarters at the new official station. The number, length, and circumstances of such house-hunting trips would be prescribed by regulation. The authority would extend only to the contiguous 48 States and the District of Columbia.

Paragraph (3) provides that the employee could be reimbursed for the subsistence expenses of himself and his immediate family while occupying temporary quarters. Reimbursement would be on an actual expense basis at average daily rates to be prescribed by regulation. The maximum period for which subsistence expenses could be paid would be 30 days for most employees. However, this maximum could be doubled for moves to or from Hawaii, Alaska, the territories and possessions, Puerto Rico, and the Canal Zone to allow adequate time for the shipment of household goods. Subsistence for temporary quarters in areas not included in this bill would be covered by the provisions of the Overseas Differentials and Allowances Act (5 U.S.C. 3037). Duplication of payments for subsistence in temporary quarters would be prohibited by regulation in the event that employees assigned to a post in the United States between foreign assignments receive a transfer allowance under section 221 of the Overseas Differentials and Allowances Act.

Under paragraph (4) reimbursement would be authorized for the expenses of selling and buying real estate and settlement of unexpired leases when these expenses must be paid by the employee. Such expenses might include legal fees (as for title searches) and commissions, document stamps and transfer taxes, closing or settlement costs, and the like as would be prescribed by regulation. The expenses of selling a residence would not include losses on the sale as, for example, a sale price less than the appraised value. The authority would extend only to the United States (including the District of Columbia), its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone.

New section 24

This section provides, under regulations to be prescribed by the President, for reimbursement over and above reimbursement otherwise received under the act in an amount equal to 2 weeks' basic compensation for employees with an immediate family and 1 week's basic compensation for single movers. These additional amounts would be payable to all employees who receive reimbursement under sections 1(a) or new section 23 of the Administrative Expenses Act without the necessity of showing actual expenses.

New section 25

Subsection (a) provides that, under regulations to be established by the President, when transferred employees or new appointees are assigned to permanent stations in isolated locations in the continental United States which do not have residence quarters, they may be reimbursed for storage of household goods for up to 3 years or their household goods may be stored in Government-owned facilities if this is more economical. The weight of goods stored plus the weight of any goods moved may not exceed the total weight the employee would be entitled to move if no goods had been stored. Alaska is excluded from coverage because employees in Alaska may store household goods under Public Law 88-266.

The heads of executive departments (e.g., the Secretary of Defense for the military departments) and the heads of other agencies would issue implementing regulations as necessary.

Under subsection (b) reimbursement for storage expenses would not be authorized for persons whose travel orders were dated more than 60 days before the effective date of the section.

New section 26

This section provides that the cost of reimbursing employees for expenses authorized under certain provisions of section 1 and under sections 23 and 24 may be paid partly or wholly by either the department from which the em-

ployee is transferred or to which he is transferred when a transfer between departments results from a reduction in force in the department from which the employee is transferred or a transfer of function. The extent to which these costs would be shared between departments would be agreed upon by the departments concerned under regulations prescribed by the President.

Section 27

Under this section persons separated from the service in a reduction in force or transfer of function for whom the Government would have paid the expenses and allowances of transfer under sections 1, 23, and 24 at the time they were still employed could receive such payments if they are appointed or reinstated to a nontemporary position in the Federal service within 6 months. The purpose of this section is to extend the same benefits to persons an agency tries to place during a reduction in force or transfer of function, but has not successfully placed by the time it is necessary to separate them as are extended to employees the agency is able to retain on the rolls until their transfer.

Section 3

This section would provide time for necessary changes in travel regulations to be made. Employees who incur expenses covered under this bill during the 90 days allowed for issuance of regulations would be reimbursed.

QUOTE FROM PRESIDENT'S MESSAGE OF MAY 12, 1965

(H. Doc. 170, 89th Cong., 1st sess.)

The President in his message of May 12, 1965, "Relative to Proposing Pay Increases for Certain Federal Civilian Employees and Members of the Uniformed Services," referred to other important recommendations of the President's Special Panel on Federal Salaries on which draft legislation was to be submitted promptly. Among these the President referred to the draft legislation on moving expenses as a proposal to:

Establish a coordinated and equitable system for payment of moving expenses to employees transferred for the convenience and benefit of the Government.

Mr. MACY. According to agency estimates, every day of the year nearly 100 employees are transferred from one place to another for the Government's purposes. According to figures the Civil Service Commission gathered in an extensive study in 1963, 83 out of every 100 of these employees lose money on their move. The average loss is about \$560, but 17 of these 100 movers lose more than \$1,000.

Mr. Chairman, I would be happy to provide the committee for the record, a copy of the Commission's study of March 1963 that provides the basis for the statistics that I have cited. I believe you have a copy of this report before you.

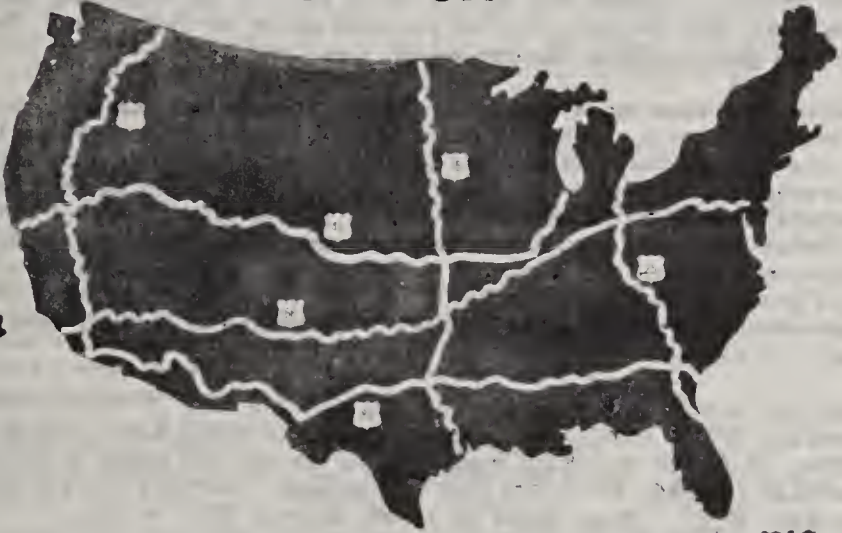
Mr. HENDERSON. Would you like that to go in the record, too?

Mr. MACY. It would be my suggestion that this might be helpful to the committee as part of the basic record.

(The above-described document follows:)

March 1963

A REPORT ON



MOVING EXPENSES OF FEDERAL EMPLOYEES



UNITED STATES CIVIL SERVICE COMMISSION
BUREAU OF PROGRAMS AND STANDARDS

SUMMARY

With the cooperation of a number of Federal agencies the Civil Service Commission conducted a voluntary survey of the expenses of Federal employees moving, for the convenience of the Government, from one geographical location to another in the United States in fiscal 1962. Analysis of the 5,037 usable questionnaire responses showed that more than 4 out of 5 employees lost money on their move. The average loss, counting only expenses considered necessary and reasonable for such moves, was \$558. A significant number of respondents (17%) lost more than \$1,000. Another 17%, mostly those who did all their own packing, used self haul trailers, and so on, made money on their move. The average gain was \$69. No one gained more than \$200.

Losses were associated with grade level, (the higher the grade the greater the loss), number of dependents, (those with dependents lost on the average twice as much as those without), and home ownership, (persons who both sold and bought a house lost 3 times as much as renters, exclusive of capital losses). Losses also increased with distance for those with dependents and were higher for interstate than intrastate moves. About one in 5 persons with dependents shipped household goods in excess of the 7,000 lb. limit for reimbursement. Three respondents in 5 used annual leave in connection with their move (average use: 32 hours).

Heaviest losses were from closing costs on the sale of the old home (average \$677), closing costs on new homes (average \$297), above normal living costs for employees reporting to the new job ahead of their families (average \$257) and cost of temporary quarters for the family (average \$134). Other types of losses average \$100 or less.

All in all it is clear that present reimbursements for moving costs fall substantially short of covering necessary and reasonable expenses related to moves for the convenience of the Government.

emphasis upon those moving expenses not currently paid by Federal agencies. The questionnaire was supplemented by an instruction sheet to explain the intent of the questions, to foster a common approach to the questions, and to encourage accuracy of response. 1/

In order to obtain a sufficient number of cases, some of the Federal agencies or parts of agencies known to have a fairly high degree of geographical mobility were invited to participate in the survey. All agencies invited agreed to cooperate. They were asked to send the questionnaire to all employees listed as having completed a geographical move to or within any of the United States (or to Puerto Rico) between July 1, 1961, and June 30, 1962, for the benefit of the Government. The following agencies participated with the Commission in this survey:

Agricultural Research Service, Department of Agriculture
Atomic Energy Commission
Bureau of Old Age and Survivors Insurance, Department of Health,
Education, and Welfare
Civil Service Commission
Defense Atomic Support Agency, Department of Defense
Defense Communications Agency, Department of Defense
Defense Intelligence Agency, Department of Defense
Defense Supply Agency, Department of Defense
Federal Aviation Agency
Forest Service, Department of Agriculture
Internal Revenue Service, Department of Treasury
National Aeronautics and Space Administration
Office of Civil Defense, Department of Defense
Office of the Secretary of Defense, Department of Defense
Public Health Service, Department of Health, Education, and
Welfare

The cooperating agencies made a preliminary identification of 9,060 individuals believed to have made a move for reasons within the scope of this study in fiscal 1962. Each of the cooperating agencies distributed questionnaires to those of its employees listed as having moved. During this distribution process an additional 320 employees were discovered to have moved and were given questionnaires to complete.

1/ See Appendix A for sample questionnaire and instruction sheet.

A REPORT ON MOVING EXPENSES
OF FEDERAL EMPLOYEES

Introduction

Effective use of the reservoir of competence represented by Federal employees requires career mobility; agencies must be free to move employees from job to job and place to place in accordance with the needs of the service. The development of the potential of the individual career employee demands this freedom for his own benefit as well as that of the Government. In recent years agency staffing programs have shown increased emphasis on such career mobility. Nationwide shortages of trained people for many types of jobs have added impetus and urgency to this development.

The Government now pays some of the basic moving expenses of employees who relocate for its convenience. These payments are governed by legislation, but there is a serious question whether or not existing legislation is in step with today's needs. (for example, the actual travel of dependents is reimbursed but not their meals and lodging en route.) The Civil Service Commission understands from Federal agencies and from experiences with its own employees that there is an ever increasing reluctance of employees to accept geographical transfers. The reason most often heard is that the burdens resulting from out-of-pocket losses are too great for the individual employee to assume and that even when an immediate promotion is offered, the employee has to consider the length of time that it will take him to recover financially from the "reward of excellence" offered him. Clearly, the Government should not expect its employees to subsidize the cost of staffing — beyond the inescapable hardship involved in any major household move.

Although it is generally believed that many employees are not fully reimbursed for moving expenses, recent information on the extent of losses and how they are distributed has been lacking. The Commission, therefore, recently conducted a survey of moving expenses to determine the actual costs to employees in relation to presently authorized reimbursements.

How the Survey was conducted

The Questionnaire and the Sample

A comprehensive and detailed questionnaire was designed to elicit as much information as could reasonably be gathered about employee moving expenses. The questionnaire was constructed so as to place primary

The Responses

A total of 5,999 voluntary responses were received for a response rate of 63.3%.* Of the returns received 41 came in too late for inclusion in the data processing. The total was further reduced to 5,037 usable responses when the following two categories of returns were eliminated:

1. Non-movers

In 548 cases the respondents indicated that they had not actually completed the planned move or that the type of move made was not one falling within the boundaries of the study. Accordingly, these cases were dropped.

2. Unresponsive Replies

373 questionnaires were found to be substantially incomplete or faulty and had to be dropped from consideration. (To provide usable information was a somewhat laborious task calling for painstaking attention to necessarily detailed instructions.)

Editing the Responses

Each questionnaire was edited for accuracy and adequacy of the information contained. A strict editorial policy was pursued which tended to insure that where there was doubt as to the propriety or amount of expense claimed, the findings would understate rather than overstate employee losses. For example, it was assumed that the current transportation and per diem rate adequately provided for the transportation, food, and lodging of the employee himself. It was also assumed that the actual transportation of the people in his family from the old to new post of duty was properly reimbursed. Based upon these assumptions, all costs relating to these expenditures were excluded from the survey. All returns were also edited to exclude from claimed losses any expenditures which were additions to capital, or expenses which might have occurred had the employee not moved. In addition all expenses seeming to be "above normal" costs of living were carefully reviewed and edited in respect to their realism. The following expense items, although

* In any voluntary study the question immediately arises whether the non-respondents would have reported substantially different data. Does the fact of volunteering introduce a bias? Why did people fail to reply? How many who should not have received questionnaires appropriately selected themselves out by not replying? To answer these and other questions a follow-up of a random sample of 1/3 of the non-respondents was made (See Appendix B).

claimed on many questionnaires, were not tabulated and therefore are not reflected in the tables shown in this report:

1. Cash value of employee performing own packing or moving of household goods and personal effects.
2. Shipment of pets or other items not allowed under existing regulations (e.g., second automobile, boats, etc.)
3. Deposits on utilities or breakage fees.
4. Purchase of new, and sale or remodeling costs of old, household items and personal effects (e.g., drapes, curtains, rugs, baggage, clothes, automobiles, tools, furniture, appliances, television antennas, etc.)
5. Cleaning, redecorating, repairing, or landscaping new or old homes.
6. Payment or loss of recreational or social club fees.
7. Increases in rent, home payments, taxes, insurance rates, etc., at new location.
8. Cash value of annual leave or LWOP taken during the move.
9. Payment or loss of tuition fees to private schools.
10. Overhauling of or repairs and parts for automobile before, during, and after move.
11. Loss of spouse's salary or employee's second salary.
12. Cash value of automobile or household goods depreciation.
13. Shipment of automobile to Alaska, Hawaii, or Puerto Rico.

On the other hand, it was assumed that the employee might reasonably incur "above-normal-living-expenses" in such areas as:

1. House-hunting visits to the new location.
2. Food and lodging of dependents during the trip from the old to the new post of duty.
3. Temporary housing at the new location.

4. Closing of the old home and opening of a new permanent home.
5. Return trips to the old home for visiting or moving the employee's family.
6. Forced sale, shipment, or storage of household goods and personal effects in excess of allowed weight limits.

Coverage

The expenses included in arriving at the results shown in the tables were of the following types:

1. Pre-move Expenses --

- house hunting trips by respondent and spouse
- above-normal living costs of employees who reported to the new job ahead of their families
- above-normal living costs of employees who brought their families and stayed in temporary quarters until permanent housing was obtained

2. In-transit Expenses --

- above-normal food and lodging costs for dependents
- return travel to aid family move
- shipment of household goods

3. Home owner Expenses

- closing costs on purchase and sale of homes

Items tabulated but not included in computing gains or losses were:

- a. Profit or Loss on Sale of Home

Claimed gains and losses for this highly important item are shown in table 5(a). However, there was no way within the limits of this study to assess the reasonableness of these claims or the basis on which they were made. Their size would affect significantly any comparison in which they were included.

b. Miscellaneous Expenses

Claimed losses for a variety of miscellaneous expenses are shown in table 5(b). These are composed of such things as costs of licenses, unexpired leases, connecting appliances, theft or damage, and so on. Total claims for these expenses averaged about \$100 per respondent. However, information furnished as to the basis for these claims and possible offsets was insufficient.

c. Use of Leave

The number of employees using annual leave or leave without pay and the average number of hours used is shown in table 5(c). No attempt was made to assign a cash value to this item.

Conclusions

The conclusions given below have been drawn from the data represented in the tables beginning on page 8. While care was taken (as described above) to eliminate obvious inaccuracies and wild claims, it should be kept in mind that the data are based entirely on the voluntary statements of respondents about somewhat complicated transactions which were not always a matter of record. Nevertheless, it was evident from the nature of the replies that most respondents attempted to furnish accurate information. In view of the size of the sample and the broad agency representation obtained, we believe that the principal trends and relationships, as stated below, substantially reflect the experience of civilian employees moving for the convenience of the Government in the United States in fiscal 1962:

1. More than 4 out of 5 employees lost money on moves for the convenience of the Government.

2. Losses were substantial. (Average loss was \$558. Approximately 17% of the respondents lost more than \$1,000.)

3. Heaviest losses were from closing costs on the sale of the old home (average \$677), closing costs on new homes (average \$297), above normal living costs for employees reporting to the new job ahead of their families (average \$257), and cost of temporary quarters for the family (average \$134). Other types of losses average \$100 or less.

4. Losses increased with grade level. (Net losses for GS 9-12 averaged 4 times those of GS 1-4. Net losses for GS 13 through 15 averaged twice those for GS 9 through 12, net losses for GS 16-18 averaged twice those for GS 13-15.)

5. Employees with dependents lost on the average more than twice as much as those without dependents.

6. Losses increased with distance moved, for those employees with dependents. (Net losses for such employees moving more than 1,500 miles averaged about 90% more than those moving fewer than 600 miles, and net losses for those moving between 600 and 1,500 miles averaged about 30% more than for those moving fewer than 600 miles.)

7. Persons who bought or sold a house in connection with their move lost more than renters, exclusive of profit or loss on the sale of the house itself. (Those who both sold and bought a house lost about 3 times as much as renters.)

8. About one in five persons with dependents shipped household goods in excess of 7,000 pounds, the present limit for reimbursement. (This does not take into account those who sustained losses through selling or giving away goods so as not to exceed the weight limit.)

9. About 3 out of 5 respondents used annual leave in connection with their move (average use 33 hours).

10. Of the 17% of the respondents who gained on their moves, 9 out of 10 made less than \$100, none made more than \$200. (Gains were made by respondents who did their own packing, used self-haul trailers, etc., and did not have other offsetting expenses.)

TABLES*

1. OVERALL MOVING EXPENDITURES

a) Gains, Losses, and net expenditures -- all respondents

	Respondents Reporting	%	Total	Average
Gains	837	16.6	\$ 57,534	\$ 69
Losses	4,200	83.4	\$2,342,460	\$558
Net Expenditures	5,037	100	\$2,284,926	\$454

b) Gains and losses by dependent status -- all respondents

GAINS				AMOUNT	LOSSES			
With Dependents	%	Without Dependents	%		With Dependents	%	Without Dependents	%
737	14.6	40	0.8	0-100	58	1.1	242	4.8
40	0.8	20	0.4	101-200	61	1.2	246	4.9
				201-300	681	13.5	112	2.2
				301-400	563	11.2	42	0.8
				401-500	335	6.7	25	0.5
				501-600	305	6.1	15	0.3
				601-700	210	4.2	12	0.2
				701-800	157	3.1	6	0.1
				801-900	145	2.9	4	0.1
				901-1000	103	2.0	41	0.8
				1000 +	837	16.6	--	--

* Percentages are rounded independently and not forced to add to totals.

c) Average net loss by grade*

(1) Five grade groups -- all respondents

GS (or equivalent)	Respondents	Average Net Loss
GS 1-4	76	\$ 94
GS 5-8	1,440	\$ 318
GS 9-12	2,659	\$ 407
GS 13-15	827	\$ 811
GS 16-18	35	\$1,667

(2) Selected grades

GS (or equivalent)	Respondents	Average Net Loss
GS 5	399	\$ 245
GS 7	708	\$ 248
GS 9	978	\$ 360
GS 11	735	\$ 473
GS 12	560	\$ 512
GS 13	460	\$ 692
GS 14	247	\$ 895
GS 15	120	\$1,092
GS 16-18	35	\$1,667

(3) Number of dependents

Number of- Dependents	Respondents	Average Net Loss
0	805	\$207
1	776	\$425
2	934	\$507
3	1,255	\$473
4	770	\$516
5	318	\$558
6	121	\$678
6+	58	\$903

* Average net loss means losses minus gains for the group under consideration and so will tend to understate average losses of the losers in the group.

MOVING EXPENSES OF FEDERAL EMPLOYEES

2. PRE-MOVE EXPENDITURES (LOSSES) --

a) Average losses, all pre-move expenditures

Respondents	Number	Percentage	Average
Reporting no losses	1711	34.0	-----
Reporting losses	3326	66.0	\$ 267

b) Average loss by dependent status

Respondents	Some Loss	No Loss	Average Loss
With Dependents	3,006	1,226	\$ 281
Without Dependents	320	485	\$ 138

c) Average loss by respondents with dependents for --

(1) House hunting trips

Miles	No. of Resp.	No. of Resp. taking trips	%	No. of trips by resp.	No. of trips by spouses	Total trips	Total Costs \$	Average Cost \$
0-600	2,685	2,320	86.8	5,249	964	6,213	224,604	43
601-1500	1,122	234	20.9	273	36	309	30,703	112
Over 1500	425	28	6.6	24	16	40	4,714	196

(2) Above normal costs, employees reporting to new job alone

Miles	No. of resp.	No. of resp. reporting alone	%	Total weeks in residence	Average weeks in residence	Total costs \$	Average costs \$
0-600	2,685	1,463	54.5	11,350	8	381,681	261
601-1500	1,122	220	19.6	1,548	7	64,841	295
Over 1500	425	57	13.4	458	8	627	11

(3) Temporary quarters for family

Miles	No. of resp.	Resp. reporting with family	%	Total weeks in residence	Average weeks in residence	Total costs \$	Average costs \$
0-600	2,685	1,320	49.2	283	.2	173,006	131
601-1500	1,122	397	35.4	1,590	4	49,168	124
Over 1500	425	114	26.8	472	4	22,388	196

(4) Location of Move

Location	No. of Resp.	%	Profits		Losses		Break Even		Costs Not Reported		100%
			No. of Resp.	%	No. of Resp.	%	No. of Resp.	%	No. of Resp.	%	
Interstate	2,978	65.2	1,486	49.7	1,312	44.1	169	5.7	11	0.4	100%
Intrastate	1,580	34.7	901	57.0	414	26.2	246	15.6	19	1.2	100%
Total	4,558	100	2,387	52.4	1,726	37.9	415	9.1	30	0.7	100%

(5) Excess weight, respondents with dependents ^{1/}

Weight in Excess of 7000 lbs.	GS 1-6		GS 7-12		GS 13-18	
	No. of Resp.	Percent of Grade Group	No. of Resp.	Percent of Grade Group	No. of Resp.	Percent of Grade Group
0-1000 lbs.	41	15.8	350	11.1	102	12.3
1001-2000 lbs.	22	8.5	192	6.1	56	6.7
Over 2000 lbs.	1	0.4	89	2.8	38	4.6
Total	64	24.7	631	20.0	196	23.6

^{1/} Approximately 10% of respondents with dependents did not report weight of shipments.

3. IN-TRANSIT GAINS AND LOSSES

a) Average gains and losses, all in-transit expenditures

Respondents	No.	%	Average
Reporting gains or no losses	991	19.7	\$78
Reporting losses	4,046	80.3	\$77

b) Average losses, all in-transit expenditure by distance and dependent status

Miles	With Dependents	%	Average Loss	Without Dependents	%	Average Loss
0-600	2,432	60.1	\$ 53	42	1.0	\$37
601-1500	1,107	27.4	\$ 94	23	0.6	\$40
Over 1500	418	10.3	\$181	24	0.6	\$40
Total	3,957	97.8		89	2.2	

c) Average losses for above-normal travel, food, and lodging costs, respondents with dependents

(1) Distance

Miles	No. of Resp.	Average Loss
0-600	1,663	\$ 80
601-1500	787	\$ 85
Over 1500	315	\$163
Total	2,765	\$ 90

(2) Types of Expenditure

Respondents Reporting	Number	% of 2,765	Average Loss
Above-normal food costs	2,280	82.8	\$44
Above-normal lodging costs	1,281	46.3	\$24
Return travel to aid family move	1,094	39.6	\$37

d) Shipment of household goods

(1) Costs

	No. of Resp.	% of 5,037	Average
Shipment costs reported	4,528	90.0	\$388
Shipment costs not reported	30	0.6	
No goods shipped	479	9.5	
Reimbursements exceeded costs	2,387	47.5	\$ 84
Costs exceeded reimbursements	1,726	34.4	\$ 73
Costs equal reimbursements	415 ^{1/}	8.3	
Storage costs not reimbursed	458	9.1	\$ 91

^{1/} Includes 205 moves by Government bill of lading

(2) Method of Shipment

	<u>No. of resp.</u>	<u>%</u>	<u>Profits</u>	<u>Losses</u>	<u>Break Even</u>	<u>Costs Not reported</u>
Commercial van lines - - - - -	3,519	77.2	2,020	1,426	43	30
Self-haul vehicle - -	333	7.3	307	26	0	--
Commercial and self-haul - - - - -	79	1.7	55	24	0	--
Mobile home - - - - -	109	2.4	5	104	0	--
Government bill of lading - - - - -	518	11.4	0	146 1/2	372	--
TOTALS - - -	4,558	----	2,387	1,726	415	30
PER CENT - - -	-----	100	52.4	37.9	9.1	0.7

1/ Losses averaged less than \$20 and were due to excess weight or insurance costs.

(3) Method of Packing

Packed by resp.	<u>No. resp.</u> <u>%</u>		<u>Profits</u>		<u>Losses</u>		<u>Break Even</u>		<u>Costs not reported</u>		Total
			<u>No. resp.</u>	<u>%</u>	<u>No. resp.</u>	<u>%</u>	<u>No. resp.</u>	<u>%</u>	<u>No. resp.</u>	<u>%</u>	
All	1,924	42.1	1,563	81.2	320	16.6	41	2.1	0	0.0	100%
Some	1,917	42.1	739	38.5	1,037	54.1	139	7.3	2	0.1	100%
None	611	13.4	53	8.7	332	54.3	217	35.5	9	1.5	100%
A.	106	2.4	32	30.2	37	34.9	18	17.0	19	17.9	100%
TOTALS	4,558	100	2,387	52.4	1,726	37.9	415	9.1	30	0.7	100%

MOVING EXPENSES OF FEDERAL EMPLOYEES

(4) Location of move

Location	Respondents	Average Net Loss
Washington to Field	196	\$941
Field to Washington	335	\$717
Field to Field	4,506	\$411
To Puerto Rico	30	\$551
To Alaska	57	\$751
To Hawaii	44	\$894
Interstate	3,431	\$504
Intrastate	1,606	\$341

(5) Distance of move

Miles	Respondents With Dependents	Average Net Loss	Respondents Without dependents	Average Net Loss
0-600	2,685	\$421	535	\$201
601-1500	1,122	\$587	173	\$340
Over 1500	425	\$708	97	\$209

(6) Type of housing and dependent status

Type of move <u>1/</u>	With Dependents	Average Net Loss	Without Dependents	Average Net Loss
Owned to owned <u>2/</u>	752	\$987	23	\$734
Rented to owned	388	\$495	46	\$315
Owned to rented	1,237	\$457	60	\$278
Rented to rented	1,780	\$299	607	\$165

1/ An additional 144 persons moved from, to, or between Government furnished quarters.

2/ Includes 109 house trailers.

4. HOME OWNERS COSTS

	Homeowners <u>1/</u>	%	Average
Closing costs on sale	1,258	63.5	\$677
Closing costs on purchase	980	49.4	\$297
Houses not sold	504	25.4	

1/ Excludes 109 mobile home owners

5. OTHER EXPENDITURES *

a) Profit and loss on sale of houses 1/

	Number	%	Average
Sold at a profit	156	7.9	\$1,480
Sold at a loss	730	46.9	\$1,262
Broke even	392	19.8	
Houses not sold	504	25.4	
Total	1,982	100	

1/ Excludes closing costs

b) Miscellaneous

	Resp.	%	Average
Auto expenses	2,907	57.7	\$40
Theft or damage	912	18.1	\$80
Connecting appliances	3,789	75.2	\$26
Move from temporary quarters	890	17.6	\$56
Prepaid fees	2,089	41.5	\$ 5
Unexpired lease	771	15.3	\$90
Other Miscellaneous	5,037	100	\$18

c) Leave use

	Resp.	%	Average Hours
Annual leave	3,373	66.9	33
Leave without pay	62	1.0	19

* These expenditures are not included in the figures shown in any of the preceding tables.

APPENDIX A

Sample Moving Expense Questionnaire and Instruction sheet.

UNITED STATES CIVIL SERVICE COMMISSION WASHINGTON 25, D. C.			
READ INSTRUCTIONS AS YOU COMPLETE EACH ITEM			
MOVING EXPENSE SURVEY			DATE
SECTION I - General Information			
1. Name		2. Agency	
3. Position		4. Grade	5. Salary
		6. Marital Status (1) ☐ Married (2) ☐ Single	
7. Date of Move	8. Distance	9. Place from which moved:	
		10. Moved to:	
11. Type quarters moved from:		12. Type quarters moved to:	
(1) ☐ Owned (2) ☐ Rented (3) ☐ Government Furnished		(1) ☐ Owned (2) ☐ Rented (3) ☐ Government Furnished	
13. Are quarters moved to:		(1) ☐ Temporary (2) ☐ Permanent	
14. No. dependents, immediate family, who moved with you:		15. No. other dependents who moved with you:	
ENTER ASTERISK (*) AFTER EVERY COST FIGURE WHICH YOU HAVE ESTIMATED			
SECTION II - Pre-Moving Expenditures			
16. Did you or your spouse visit new location to seek quarters prior to moving date? (1) ☐ Yes (2) ☐ No		17. If "Yes", how many such visits did you make alone or accompanied by spouse? (1) ☐ Yes (2) ☐ No	
18. Expense of such visits: (1) Transportation \$ (2) Lodging \$ (3) Meals \$ Other specific expenses (list): (4) \$ (5) \$ (6) TOTAL, Item 18 \$		19. Did you report to new job alone prior to moving other members of household? (1) ☐ Yes (2) ☐ No If "Yes", answer items 20 through 22 below.	
20. What type of quarters did you live in during this interim period at new location?			
21. How long did this interim period last? _____ weeks.		22. Living expenses during this interim period: (1) Lodging \$ (2) Meals \$ Other specific expenses (list): (3) \$ (4) \$ (5) TOTAL, Item 22 \$	
23. Did you and members of your household move to temporary quarters at new location prior to more permanent arrangements? (1) ☐ Yes (2) ☐ No If "Yes", answer items 24 through 27 below.			
24. Living expenses for employee and other members of household during this interim period: (1) Lodging \$ (2) Meals \$ Other expenses (list): (3) \$ (4) \$ (5) TOTAL, Item 24 \$		25. Why were temporary quarters used? _____ 26. Type of temporary quarters: _____ 27. How long were temporary quarters used? _____ days.	
28. List any other pre-moving costs: (1) \$ (2) \$ (3) \$ (4) TOTAL, Item 28 \$		29. Total of all pre-moving expenditures. (Totals of items 18, 22, 24, and 28.) \$ _____	
SECTION III - Moving Expenditures			
TRANSPORTATION OF SELF AND FAMILY TO NEW LOCATION			
30. Transportation to new location: (1) Your expenses \$ (2) Expenses of immediate family dependents \$ (3) Expenses of other residents of your household \$ (4) TOTAL, Item 30 \$		31. Lodging enroute to new location: (1) Your expenses \$ (2) Expenses of immediate family dependents \$ (3) Expenses of other residents of your household \$ (4) TOTAL, Item 31 \$	
32. Meals enroute to new location: (1) Your expenses \$ (2) Expenses of immediate family dependents \$ (3) Expenses of other residents of your household \$ (4) TOTAL, Item 32 \$		33. Transportation costs for return of employee home to help members of household move: \$ _____	
		34. Total expense for transportation of self and family. (Items 30, 31, 32, and 33.) \$ _____	

TRANSPORTATION OF HOUSEHOLD GOODS AND PERSONAL EFFECTS									
35. Gross weight of shipment _____ pounds.	36. How was shipment effected? <i>(Check appropriate blocks)</i> (1) ☐ Rail (2) ☐ Household goods Motor Carrier (3) ☐ Rented Truck or Self-hauler (4) ☐ Air Freight (5) ☐ Personally owned conveyance (6) ☐ Other _____								
37. Did you do your own packing and unpacking? (1) ☐ All (2) ☐ Part (3) ☐ None	38. If you did all or part, why? (1) ☐ Economy (2) ☐ Other <i>(cite)</i> _____								
39. List excess storage cost for which you were not reimbursed: \$ _____	40. Reasons for excess storage cost: (1) ☐ Excess weight (2) ☐ Excessive time (3) ☐ Other _____								
41. Total cost of effecting shipment: \$ _____	42. Amount of reimbursement for moving household goods and personal effects: \$ _____								
43. Profit or loss on moving household goods and personal effects: (1) \$ _____ (2) ☐ Profit (3) ☐ Loss <i>(Check one)</i>	44. Total of moving expenditures for which you were not reimbursed, Items 34 and 43 (43 only if loss is shown) \$ _____								
45. List any factors not already indicated on questionnaire that had a direct bearing on whether you incurred a profit or loss as shown in item 43: _____									
SECTION IV - Post-Moving Expenditures									
46. Loss due to unexpired lease at old location. \$ _____	47. Profit or loss, if any, on sale of home at old location. (1) \$ _____ (2) ☐ Profit (3) ☐ Loss <i>(Check One)</i> (4) ☐ Broken even (5) ☐ Not sold								
48. Closing costs on sale of home at old location: (1) Broker's Commission \$ _____ (2) Advertising Expenses \$ _____ (3) Mortgage Satisfaction Costs \$ _____ (4) State, Local, and Transfer Taxes \$ _____ (5) Federal or Documentary Stamps \$ _____ (6) Settlement Costs \$ _____ (7) Other \$ _____ (8) \$ _____ (9) TOTAL, Item 48 \$ _____	49. Loss on prepaid fees at old location: (1) Food locker contracts \$ _____ (2) Medical and dental contracts \$ _____ (3) Other \$ _____ (4) \$ _____ (5) TOTAL, Item 49 \$ _____								
52. Cost of move from temporary rental quarters at new location to permanent home. \$ _____	50. Losses incurred on theft or damage during move. \$ _____								
53. Cost of connecting appliances, etc. at new location. \$ _____	51. Closing costs on purchase of new home: (1) Title Insurance or Examination \$ _____ (2) Survey \$ _____ (3) Settlement Costs \$ _____ (4) Recording Fees \$ _____ (5) State and Local Transfer Fees \$ _____ (6) Other \$ _____ (7) \$ _____ (8) TOTAL, item 51 \$ _____								
54. Automobile owner's expense attributed to move. \$ _____	55. List other post-moving expenses: (1) \$ _____ (2) \$ _____ (3) \$ _____ (4) TOTAL, Item 55 \$ _____								
56. Total cost to you for post-moving expenses (Total of items 46 through 55). (Include Item 47 only if loss is shown). \$ _____									
SECTION V - Summary									
<table style="width: 100%;"> <tr> <td style="width: 60%;">Section II - Item 29</td> <td style="width: 40%;">\$ _____</td> </tr> <tr> <td>Section III - Item 44</td> <td>\$ _____</td> </tr> <tr> <td>Section IV - Item 56</td> <td>\$ _____</td> </tr> <tr> <td style="text-align: right;">Subtotal</td> <td>\$ _____</td> </tr> </table>		Section II - Item 29	\$ _____	Section III - Item 44	\$ _____	Section IV - Item 56	\$ _____	Subtotal	\$ _____
Section II - Item 29	\$ _____								
Section III - Item 44	\$ _____								
Section IV - Item 56	\$ _____								
Subtotal	\$ _____								
Less Profit in Section III, Item 43 \$ _____ Less Profit in Section IV, Item 47 \$ _____									
Total Deductions \$ _____ NET ☐ GAIN ☐ LOSS <i>(Check One)</i> \$ _____									
SECTION VI - Additional Remarks									
1. Number of hours of annual leave, if any, necessary to take because of the move. (1) _____ Number of hours of LWOP. (2) _____									
2. Number of weeks advance notice you received from your agency that you would be moved to new location. _____									
3. Have all financial and other arrangements in connection with the move been completed? (1) ☐ Yes (2) ☐ No <i>(Check One)</i> (3) If "No", what remains to be completed? _____									
4. _____ _____ _____									

UNITED STATES CIVIL SERVICE COMMISSION
WASHINGTON 25, D. C.

MOVING EXPENSE SURVEY

TO: Persons requested to complete the attached questionnaire.

NOTE: It is important that you return the completed questionnaire by August 31, 1962.

The Civil Service Commission is conducting a moving expense survey to find out, as accurately as possible, the costs involved when a Federal employee moves from one geographic location to another.

The purpose of the survey is to determine whether there is basis to seek legislative authority to reimburse employees for certain moving expenses which are not now reimbursed.

You have been selected to participate in this survey because the records show that you made a geographic move for the convenience of the Government during the period July 1, 1961 through June 30, 1962. Please complete the questionnaire and MAIL IT BY AUGUST 31, 1962, even though you may not yet have completed all financial and other arrangements in connection with your move. It is extremely important that you participate in this survey. If you do not return the questionnaire to us, we will have no way of knowing whether you sustained any losses or whether your losses were negligible or large, and this might distort the results.

If your move was for your personal convenience, and the Government is not reimbursing you for any of your moving expenses, DO NOT COMPLETE the questionnaire, but return it unanswered to your personnel office.

A self-addressed envelope is furnished so that you can return your questionnaire directly to the Civil Service Commission. In this way, your personal responses will lose their identity as they merge into a large scale impersonal research study. Your name is needed for identification and record purposes only.

General Instructions for Completing Questionnaire

1. Please fill out the form completely and accurately. As far as possible use exact cost figures in answering questions; where estimates must be made, make them carefully and without bias. Enter an asterisk (*) after every cost figure which you have estimated.

2. Expenses which are not now completely reimbursed, including travel of the employee and shipment of household goods, are to be included only to the extent that they exceed the amount reimbursed. This questionnaire relates only to costs which the employee must pay out of his own pocket, and for which he is not reimbursed.

3. Each item on the questionnaire has been numbered. Please refer to the instructions below concerning each item before you reply to the corresponding question on the questionnaire.

4. Use typewriter if at all possible in completing the questionnaire.

5. If a particular item does not apply in your case, enter "N.A." (for Not Applicable) in the blank space.

Section I - General Information

Item 1. Enter your full name. It will be used for record purposes only. The information you submit will be held in confidence.

Item 2. The name of your department or agency. It is not necessary to report your bureau, division, etc.

Item 3. The job title of the position you occupied after you moved to the new location. Also show the classification code series, if you know it.

Item 4. Your GS-grade level immediately after the move. If you are serving in a position not subject to the Classification Act, enter whatever designation is appropriate. If ungraded, so indicate.

Item 5. Enter the annual salary rate immediately after move. If paid on an hourly basis, show your hourly pay rate.

Item 6. Check the appropriate block. For purposes of this questionnaire, "single" includes widowed, divorced, etc.

Item 7. Enter date your family left old location for its permanent move to the new locality.

Item 8. Show number of miles as reported on your travel voucher covering the move.

Items 9 and 10. City and State.

Items 11 and 12. Show type of quarters moved from and type of quarters moved into at new location. Indicate as "house", "apartment", etc. Check the appropriate blocks on whether you own or rent. Check block marked "Government furnished" only if you occupied Government furnished quarters at your old location or if you are occupying Government quarters at your new location.

Item 13. Check the appropriate block. Consider as "temporary" if you are now renting with the firm intention of purchasing a home within 1 1/2 years after date of your move.

Item 14. Do not count yourself. Count only members of your immediate family moving with you. This includes spouse; children, unmarried and under 21; and other children if they are physically or mentally incapacitated and dependent on you; and dependent parents of the employee.

Item 15. Count other members of your household, dependent on you, who moved with you, but who are not members of your immediate family. These include married children, uncles, aunts, in-laws, etc.

Section II - Pre-Moving Expenditures

Item 16. Check appropriate block.

Item 17. To be answered only if you answered "yes" to item 16. In response to first question, show number of trips made by you alone or accompanied by your spouse. In response to second question, show number of trips made by your spouse alone.

Item 18. To be answered only if you answered "yes" to item 16. Show total expenses of all trips reported in item 17. Deduct from the cost of meals the amount that you would normally have spent for meals at home. If you had expenses in addition to the three itemized, please list them. These might include such items as long distance and local telephone calls, advertising for rentals, baby sitters' fees.

Item 19. Whether or not you visited the new location to seek living quarters, (item 16) you may have reported to the new job alone in advance of your family. Check the appropriate block.

Items 20 through 22. To be answered only if you answered "yes" to item 19. For item 20, show whether "hotel", rooming house", "motel", etc. Answer item 21 in terms of weeks. For item 22, show total living expenses, lodging, and meals. Deduct from the cost of meals the amount that you would normally have spent for meals at home. If you report living expenses in addition to lodging and meals, please list them. For purposes of this survey, assume that your transportation to the new location was at Government expense. If you returned home to help at the actual move of household, consider this an out-of-pocket expense to be reported in Section III, item 33. However, if you returned to visit old location during interim period (i.e., prior to actual move) or if any member of your household visited you during such period, report the expense under Other Specific Expenses in item 22.

Item 23. Check appropriate block.

Items 24 through 27. To be answered only if you answered "yes" to item 23. In response to item 24, please deduct from the cost of lodging the amount that you would have spent for normal lodging expenses, and from the cost of meals the amount that you would have spent for meals at home. In item 25, we have in mind such situations as delays in delivery of furniture, delays in home construction, etc. In item 26, show the type of temporary quarters as: "rooming house", "hotel", "motel", etc.

In item 27, report the time that temporary quarters were used in terms of days.

Item 28. List here any other pre-moving expenditure not already reported. However, non-reimbursable travel costs for "other dependents" at time of move should be shown in Section III, item 30, and storage charges for which you were not reimbursed should be shown in Section III, item 39.

Item 29. This item is the sum of the amounts reported in items 18, 22, 24, and 28, and represents the pre-move "out-of-pocket" costs you incurred.

Section III - Moving Expenditures

Items 30 through 33. These items represent costs of transporting the employee and his family to the new location. Transportation costs for you and your immediate family, and cost of your meals and lodging while enroute to your new location are reimbursable expenses. They should be reported under items 30, 31, and 32 only to the extent that actual expenses exceeded reimbursement. Report under items 31 and 32 only that amount of the non-reimbursed cost of lodging and meals which exceeds that amount normally spent for meals and lodging at home. (See instructions for items 14 and 15 for definition of "immediate family" and "other" dependents.) Item 33 is to be reported only if you answered "yes" to item 19, Section II.

Item 34. This item is the sum of the amounts reported in items 30 through 33.

Item 35. Report in terms of pounds as shown on your household goods bill of lading.

Item 36. Show method of transportation used (i. e., rail, household goods motor carrier, air freight, rented truck or self hauler, or personally owned conveyance). Check appropriate block. If more than one method used, check appropriate blocks. If "other", please indicate method used.

Item 37. Check the appropriate block.

Item 38. Check the appropriate block or blocks.

Items 39 and 40. The Government reimburses you for certain storage costs. List here only that cost of storage and related expense which exceeded the amount of reimbursement for storage. Show reasons for excess storage costs in item 40. These might be: excess weight, storage in excess of 2 months, or for other reasons. If "other", indicate reason.

Item 41. Report here the total cost to you of making shipment. This includes cost for such services as: packing, unpacking, crating, insuring, transporting, etc.

Item 42. Report the amount you were reimbursed for shipment of household goods. Do not include amount reimbursed for storage costs.

Item 43. Enter here the difference in amounts reported for items 41 and 42. If item 41 exceeds item 42, check the block marked "loss". If item 42 is larger than item 41, check the block marked "profit".

Item 44. This item is the sum of items 34 and 43, only if the block marked "loss" in item 43 has been checked. If the block marked "profit" in item 43 has been checked, item 44 is the same as the amount reported for item 34.

Item 45. We have in mind here any statement you might wish to make on such matters as the need to sell household goods; for example, piano and appliances, which you would have preferred to keep but found necessary to sell in order to stay within or near the 7,000 pound weight limitation.

Section IV - Post-Moving Expenditures

Item 46. This particular cost item could occur only in that situation where you were renting at your old location, and the lease did not provide for termination prior to the date of expiration.

Item 47. This particular cost item could occur only in that situation where you owed your home at the old location, and you suffered a capital loss because of the forced sale. Please be realistic in your estimated loss relying, if possible, on a comparison of a fair present appraisal with the actual sale price. On the other hand, you might have realized a profit on the sale of your home. Please check the appropriate block if this was the case. Disregard selling costs, since these are reported in item 48.

Item 48. Include the following expenses in computing the closing costs on the sale of your home:

- (a) real estate broker's commission. If sold without the aid of a real estate broker, include your advertising expenses.
- (b) mortgage satisfaction costs, including mortgage prepayment penalty.
- (c) state, local sales, or transfer taxes.
- (d) Federal or documentary stamps.
- (e) settlement costs, including associated legal fees.

If other closing costs are involved, please list them. However, if any of these expenses are prorated as a result of law or local custom, include only that portion which you actually paid.

Item 49. This item includes such fees as prepaid food locker contracts, prepaid medical and dental (orthodontist) contracts, etc. Report only the value of unused and not reimbursed portions of prepaid arrangements. If less other than those itemized in the questionnaire are involved, please list them.

Item 50. Report only losses not covered by insurance.

Item 51. This item is appropriate only if you purchased a home at the new location. Please include expenses, such as the following, you incurred in the acquisition of a new home:

- (a) title insurance or title examination;
- (b) survey;
- (c) settlement costs including associated legal fees;
- (d) recording fees;
- (e) state or local transfer taxes if required of the buyer by law.

If other closing costs on the purchase of your home were involved, please list them. However, if any of these expenses are prorated as a result of law or local custom, report only that amount which you actually pay.

Item 52. Cost of affecting shipment of household goods from temporary rented quarters at new location to permanent home.

Item 53. Includes such expenses as connecting telephones, erecting television antenna, connecting stoves, clothes dryers, washing machines, etc.

Item 54. Expenses related to use of family automobile incurred as result of move. Includes such costs as new license plates, new state registration fees, use taxes involved in bringing automobile into some jurisdictions, fees for new driver's licenses, etc.

Item 55. Please list any other expenses related to the move which we have not covered in the questionnaire.

Item 56. This item is the sum of items 46 through 55. Include item 47 only if the "loss" box in item 47 is checked.

Section V - Summary

This section is the bookkeeping part of the questionnaire and is intended to show your total non-reimbursed losses in connection with your move, less any "profit" you might have made on your allowance for shipment of your household goods, and less any "profit" you might have made on the sale of your home.

Section VI - Additional Remarks

Item 1. Report here the approximate number of hours of annual leave it was necessary for you to take in connection with your move. Include annual leave taken for pre-move house hunting trips, leave for trips back home to visit your family when you have reported to the new location ahead of your family, leave to go back home to move your family, leave to locate suitable housing or to make arrangements for renting, etc., leave to take required driving tests, leave to shop for new furniture, etc. If you used leave without pay for these purposes, please enter the number of hours in the appropriate space.

Item 2. State here the number of weeks advance notice that you received from your agency before you were required to report to the new duty location.

Item 3. Check the appropriate block to indicate whether you have completed all financial and other arrangements involved in connection with your move. If not, please indicate what remains to be completed. For example, sale of home at old location.

Item 4. Enter here any additional comment you may wish to make concerning your move which you believe may be pertinent to our survey.

REMEMBER!

Your completed questionnaire must be mailed by August 31, 1962, to be useful for our survey. Please use the self-addressed envelope you have been furnished for this purpose.

Your cooperation on this survey is very much appreciated.

APPENDIX B

Follow up Study of Non-Respondents

Although the 63% response rate to the original moving expense questionnaire was good and provided an ample number of cases (5037), it was felt desirable to find out something about the non-respondents as well. If the non-respondents were in some respect strikingly different from the respondents or had markedly dissimilar moving expenses the results of the original survey might require modification. Therefore, a follow up questionnaire was distributed in late December 1962 and early January 1963.

The Questionnaire and the Sample

The follow up questionnaire (see attachment) was basically the same as the original questionnaire (see Appendix A) but was rearranged and somewhat simplified. The separate instruction sheet was eliminated as were some items of lesser significance for comparative purposes, and an item on reasons for non-response was added.

The original sample was a 100% sample based on listings by the cooperating agencies of all persons moving for the convenience of the Government in fiscal 1962. The follow up sample was a random sample of one in every three persons who had not been identified as having responded to the original questionnaire. No substitutions were allowed.

The Responses

1119 questionnaires were sent to the cooperating agencies for distribution to the specific individuals in the sample. 821 questionnaires had been returned by February 28 for a response rate of 73.4%. Of this total the following were eliminated from further processing:

133 (16.2%) who reported they had not actually moved.

34 (4.1%) who had not completed their move (e.g., family still at the old location).

18 (2.2%) who reported their records were incomplete and so could not estimate costs.

3 (0.4%) who stated their moving expenses were personal business.

23 (2.8%) who were identified by their agency as unavailable (e.g. resignation, death, out of the country).

168 (20.5%) who said they had replied before. It is likely that some of these could have remained in this sample but to avoid any possibility of mixing the sample, (through duplication in names, etc.) all were excluded.

After these deductions 442 responses remained in the sample. They were edited on the same basis and under the same criteria as for the original sample.

Conclusions

Those who did not respond to the original survey were sufficiently similar to those who did so as to require no significant change in the conclusions reached in the original survey.

The following tables show comparisons between the original respondents (I) and the follow up sample (II).

Overall gains, losses, and net expenditures

	I (%)	II (%)	I Average	II Average
Gains	16.6	9.5	\$ 69	\$ 73
Losses	83.4	75.1	558	580
Break even	--	15.4*	---	---
Net expenditure	--	--	454	443

* It is probable that most of these actually had small gains or losses.

Grade level	GS-1-4	5	7	9	11	12	13	14	15	16-18
I (%)	2.0	8.0	14.1	19.4	14.6	11.0	9.1	4.9	2.4	0.7
II (%)	4.0	4.0	10.0	19.9	14.3	15.4	10.4	5.9	4.0	1.4

Dependents	0	1	2	3	4	5	6	6+
I (%)	16.0	15.4	18.5	24.9	15.4	6.3	2.4	1.1
II (%)	19.5	15.4	18.0	23.3	14.3	5.7	3.2	0.7

Home Ownership (%)

I	47.6
II	40.7

MOVING EXPENSES OF FEDERAL EMPLOYEES

Location of move	Interstate	Intrastate
I (%)	68.1	31.9
II (%)	76.0	24.0

Distance moved	Miles		
	0-600	600-1500	1500+
I (%)	63.9	25.7	10.3
II (%)	36.4	53.8	9.7

Method of shipment	None	Comm. Van line	Self Haul	Comm. & Self	Mobile Home	GBL	RR
I (%)	9.5	77.2	7.3	1.7	2.4	11.4	--
II (%)	12.5	56.4	7.2	2.3	1.0	22.0	1.6

The 65 persons in the follow up study reporting more than \$1,000 in losses were singled out for special attention. These high losers (14.7% of the sample) had the following characteristics:

- All were home owners

- All had dependents (4 out of 5 had 3 or more)

- 9 out of 10 were above GS-9, almost 1 out of 2 were above GS-12

UNITED STATES CIVIL SERVICE COMMISSION

MOVING EXPENSE SURVEY FOLLOW-UP

Recently the U. S. Civil Service Commission conducted a survey of the expenses incurred by Federal employees when permanently transferring from one duty station to another. The purpose of the survey was to find out whether legislation is needed to permit employees to be reimbursed for certain expenses other than those currently allowed.

Questionnaires were sent to selected agencies for voluntary completion by Federal employees who had made a geographical move for the benefit of the Federal Service between July 1, 1961, and June 30, 1962. Your agency has indicated that you made such a move and were asked to participate in our study, but our records show that we have not received a reply from you.

To make our study complete, we need to know something about the experience of a sample of those who did not answer our first questionnaire. Please complete all of the following items which apply to your situation (even if you replied to our first questionnaire) and send this questionnaire in the attached envelope by return mail, if possible. Because of duplication in name, and responses without names, we may have actually received and processed your questionnaire. If so, your answer to question 12 will help us to locate it.

- (1) I made a geographical move for the convenience of the Government between July 1, 1961, and June 30, 1962.

☐ Yes

☐ No

☐ Yes, more than 1

(If you moved once or more, answer the remaining questions in terms of the most recent move during that period. If your only move was to or from overseas stop after question 3.)

- (2) Where did you move from?

☐ Alaska

☐ Hawaii

☐ One of the other 48 States

☐ Puerto Rico

☐ Overseas

- (3) Where did you move to?

☐ Alaska

☐ Hawaii

☐ One of the other 48 States

☐ Puerto Rico

☐ Overseas

☐ Within the same State

- (4) How far did you move? _____

(miles)

- (5) How did you move your household goods?

☐ Government bill
of lading

☐ Commercial
Moving Van

☐ Self-haul trailer or van

(by any type of
carrier)

☐ Mobile home

☐ Other _____

- (6) Did you buy or sell a house in connection with your move?

☐ Yes

☐ No

- (7) If you owned the house you lived in before your move, do you still own it?

☐ Yes

☐ No

- (8) When you moved, how many dependents did you have? (include yourself) _____

- (9) What is your present grade level? (Also specify pay system - whether GS, WS, etc.) _____

- (10) I estimate that the total actual gain or loss resulting from my move was (please use the worksheet on the back of this page to arrive at your total)

Gain _____

Loss _____

- (11) I did not return a moving expense survey questionnaire because:

A ☐ I did not move.

B ☐ I did move but had not completed moving my family.

C ☐ I did not receive a questionnaire.

D ☐ I considered my expenses as personal business.

E ☐ I did not feel my records were complete or accurate.

F ☐ I did not have any losses resulting from my move.

G ☐ Other (Please explain) _____

- (12) I returned my questionnaire on _____ to _____
(date) (address)

MOVING EXPENSE WORK SHEET

Part APre-Move Expenditures

1. Cost of any trips that you or your spouse made to new location to seek quarters prior to moving date (transportation, lodging, meals) \$ _____
2. Above-normal costs* resulting if you reported to new job alone before moving other members of household \$ _____
3. Above-normal costs* resulting if you and members of household moved to temporary quarters at new location \$ _____
4. Other above-normal* pre-moving costs
(indicate what these were for) _____

Total loss \$ _____

Part BIn-Transit Expenditures

1. Above-normal costs* for meals of members of your household other than yourself while in-transit \$ _____
2. Above-normal costs* for lodging of members of your household other than yourself while in-transit \$ _____
3. Transportation cost for your return home to help members of household move \$ _____

Total loss \$ _____

Part CPost-Move Expenditures

1. Profit or loss, excluding closing costs, on sale of home at old location. Profit ☐ or Loss ☐ \$ _____
2. Closing costs on sale of old home \$ _____
3. Closing costs on purchase of new home \$ _____
4. Loss due to unexpired lease at old location \$ _____
5. Losses resulting from theft or damage during move \$ _____
6. Cost of move from temporary quarters at new location to permanent home \$ _____
7. Cost of connecting appliances etc. at new location \$ _____
8. Above-normal* automobile owners expenses as a result of move
(indicate what these were for) _____ \$ _____
9. Other above-normal* post-moving expenses
(indicate what these were for) _____ \$ _____

Total net gain ☐ or \$ _____Total net loss ☐ \$ _____Part DTransportation of Household Goods

1. Reimbursement for moving household goods \$ _____
2. Cost of moving household goods \$ _____

Total net gain ☐ \$ _____Total net loss ☐ \$ _____Part ESUMMARY

<u>Gains</u>		<u>Losses</u>	
		Total loss A	_____
		Total loss B	_____
Total net gain C	_____ or - - - - -	Total net loss C	_____
Total net gain D	_____ or - - - - -	Total net loss D	_____
Subtotal gains	_____	Subtotal losses	_____
		Subtotal gains minus subtotal losses equals	_____
		Total net gain ☐ or	_____
		Total net loss ☐	_____

Above-normal costs are defined as follows: Expenses above those which you would normally have and for which you were not reimbursed. For example, the cost of food served at home is probably less than that of ordinary restaurant meals. Determine the amount of money you spent for food or any other item of expenditure, then subtract (1) the amount of reimbursement you received, and (2) the amount of money you would normally have spent for this item. The remainder represents above-normal costs.

POST SCRIPT

The Commission made a survey somewhat similar to this one in 1956. Although direct comparisons between the results of the two would not have meaning because of the passage of time, differences in coverage, and so on, it is interesting to note that many of the basic relationships determined in that survey are substantially borne out in the current survey. For example, it was true then as now that "The average employee who moves at the request of his agency pays a substantial part of the cost of that move out of his own pocket." At that time also there was a direct relationship between losses and an employees salary, number of dependents, and type of housing: Losses were smaller on intrastate moves than interstate.

An interesting difference in the findings of the 1956 survey as compared to this one is that in 1956 only 12% of the respondents with dependents exceeded the weight limit in the shipment of household goods while more than 20% of the current respondents with dependents did so. A difference in this direction would seem likely as living standards increase.

Mr. MACY. The reason is that many of the ordinary, necessary expenses of pulling up stakes in one town, getting to another, and settling down again are simply not reimbursable under current law. Clearly they ought to be.

Consider, for example, what happens when an agency decides to move things it owns—furniture, file cases, typewriters, laboratory equipment, and the like. There is no likelihood of paying only for the first 100 miles, or for paying to move desks but not chairs, or for packing but not installing, and so on. The agency either moves them and pays the full cost or does not move them at all.

Employees are much more complex to handle than furniture and machines, so I do not wish to carry the analogy any further than to suggest that the same basic approach applies to moving both.

As applied to employees, it could be stated this way: If it is to the Government's advantage to relocate people, the Government should, as nearly as good administration warrants, pay the costs that can reasonably be charged to the move. If this general yardstick can be agreed on, the primary questions we have to explore are what costs should reasonably be charged to the move and what are the considerations of good administration (including cost) that we must take into account.

Certainly the present provisions of the Administrative Expenses Act are woefully inadequate, so inadequate in fact, that one family in five is not even fully reimbursed for the transportation of their furniture.

The correction of these inadequacies is reflected in H.R. 10607. Essentially they are these:

(1) Employees should be reimbursed for transporting all their household goods. The current limit of 7,000 pounds is not enough. Increasing the limit to 11,000 as the bill proposes would meet the needs of practically everybody. This is simply a maximum limitation, not a flat amount for every mover.

(2) When families travel to the new post of duty, they should be reimbursed for food and lodging along the way. The law currently provides only for the air, rail, or automobile transportation of the employee's family, but with per diem expenses covered for only the employee himself. This bill would permit per diem for the family members while they travel, at rates the Bureau of the Budget would establish within the limits of the Travel Expense Act.

(3) When employees are asked to move they ought to be given a reasonable chance to find a place to live. At present there is no provision for this under the Administrative Expenses Act. The bill would permit the employee and his spouse to take one house-hunting trip, again at rates the Bureau of the Budget will establish within the limits of the Travel Expense Act.

(4) When the employee must go on ahead of his family, or the family must take up temporary quarters until the move into permanent housing can be made, they should be reimbursed for their extra living expenses for a reasonable time. There is no provision for temporary living expenses under the Administrative Expenses Act. The bill provides for reimbursement of actual expenses for up to 30 days within limits which decrease after 10 and 20 days so as encourage rapid moves to permanent quarters. Employees moving to places

like Hawai where the normal shipping time for household goods frequently exceeds 30 days could be reimbursed for up to another 30 days.

(5) When the employee must sell his house or settle an unexpired lease, the Government should reimburse him for the standard costs of such transaction. The Administrative Expenses Act allows nothing for real estate costs, which are the largest single source of employee losses on moves. The bill permits reimbursement for title searches, broker's fees, and other settlement costs at rates not to exceed local customary rates. It does not permit reimbursement for losses the employee sustains if he must sell his house for less than the appraised value or market price. No capital loss would be covered. It is our view, however, that transaction costs can readily be identified, that they should be charged to the cost of moving; and that reimbursement for them can be effectively regulated.

These items are the most common sources of sizable moving expenses which transferred employees encounter. However, there is an almost endless variety of legitimate and necessary expenses associated with moving. Each of these expenses may be small relative to the major items and may vary from family to family.

But, taken together, they are a substantial burden on the employee. I am thinking of such things as losses on prepaid utility fees, costs of installing appliances, new auto licenses and excise taxes—the list could be extended to many more items. These are expenses commonly covered by private employers.

It would not be feasible to attempt to administer reimbursement for expenses like these on an actual expense basis. Since the Administrative Expenses Act now makes no provision for them, this bill provides for a flat allowance to cover such items in an amount equal to 2 weeks' pay for employees with families and 1 week's pay for single movers.

These are the main benefits that the bill would provide for all employees who are transferred for the benefit of the Government, and the Commission heartily endorses them. There are, however, other provisions of interest I should like to touch upon.

New section 25 makes special provision for the storage of the household effects of employees who are appointed or transferred to remote places within the continental United States where there is no place to live other than perhaps barracks or other makeshift arrangements. It would apply principally to employees engaged in the construction or installation of missile sites or other defense facilities in isolated places.

New sections 26 and 27 arise out of the base closing program of the Department of Defense and programs of other agencies engaged in shifting functions on a substantial scale. Section 26 would permit the losing agency to share the cost of transferring an employee to another agency. The Administrative Expenses Act now requires that the gaining agency pay all of the cost. This can prevent transfers when the gaining agency cannot afford the cost.

New section 27 would permit former employees who have been reduced in force to receive the benefits of this bill if they are reemployed within six months at a place to which they must move. Although agencies are doing all they can to place people before the effective date of their reduction in force, this is sometimes not possible. Therefore,

this section would cover persons who are placed at other locations after they are off the rolls of the agency from which they have been reduced in force.

Section 28, the final new section to be added to the Administrative Expenses Act, would make payment of the transfer costs of employees contingent upon their agreement to serve at least 1 additional year. This is a desirable protection for the Government and follows the wording of similar provisions in the act relating to payments to new appointees.

All in all, Mr. Chairman, I am convinced that this bill meets the criterion I suggested at the outset. It will take care of the reasonable costs of employee moves within the limits of good administrative practice. Many of the kinds of expenses included are already covered for Foreign Service employees and members of the uniformed services. All and more are commonly paid by private business firms. However, I do not wish to base the case for this bill primarily on what others provide. I believe these provisions are desirable in themselves and are long overdue.

If the Government expects to attract, retain, and develop top quality people, it must provide, in addition to pay, the kind of working conditions necessary to achieve those sound objectives. Agencies now hesitate to require employees to move because of the financial losses they sustain. It is not only a question of fairness to employees, it is a matter of prudent administration to protect the Government's investment in its skilled manpower by paying the legitimate costs of transfer.

Mr. Chairman, I want to thank you and the members for providing this early hearing on this legislation. This is an important part of the total personnel policy approach of the administration. It has been a need for some time to insure that employees are not forced to undergo a financial sacrifice if they are moved for the good of the Government.

If we are to have a career system that permits the Government to retain and to use the skills that are developed in the career service, it is necessary to have a certain degree of mobility. Private employers have found the same experience to be valuable. If we are to expect this, the Government, as a good employer, must provide means for assuring that the employee does not contribute to his Government at a sacrifice to himself and his family.

This legislation is very appropriately designed to eliminate that sacrifice and to provide mobility in the career service.

I appreciate this opportunity.

Chairman DAWSON. Mr. Holifield?

Mr. HOLIFIELD. Mr. Chairman, has there been any computation or estimate as to how much this will cost the Government annually?

Mr. MAOY. This is difficult to compute. We have run some estimates and the current figures that I have would show that the cost would be about \$26 million annually.

In the statement submitted to the Speaker on May 20, the citation of costs was \$22 million. We have done some recomputations since that time and I would feel that \$26 million would be a more appropriate estimate.

Mr. HOLIFIELD. You spoke on page 6 of the fact that many of these kinds of expenses are already covered for Foreign Service employees

and members of the uniformed services. Could you furnish the committee a specific itemized account of these allowances by the foreign services?

Mr. MACY. And military?

Mr. HOLIFIELD. And military.

Mr. MACY. I would be happy to.

Mr. HOLIFIELD. The type of things they now allow.

That is all, Mr. Chairman.

(The material requested follows:)

COMPARISON OF CERTAIN MOVING EXPENSE BENEFITS FOR FOREIGN SERVICE PERSONNEL, FOR CIVILIAN PERSONNEL IN THE UNITED STATES, AND PROPOSED BENEFITS UNDER H.R. 10607

	Foreign Service	Existing civilian, United States	H.R. 10607
1. Household goods.....	Excluding Ambassadors, 5,000 to 12,000 pounds net plus 500 for each dependent over 2. Limited shipment (where quarters are furnished) 1,500 to 3,600 pounds net plus 150 for each dependent over 2.	7,000 pounds net (family); 2,500 pounds (no family).	11,000 pounds net (family).
2. Subsistence en route for family.	Within continental United States \$16 per day per person. Outside U.S. range from \$6 to \$30 per day per person, ½ rate for children under 11. By plane \$6 and \$3, by boat \$9 and \$4.50 for first 9 days, \$2.50 thereafter.	None.....	Yes, limited to maximum per diem under Travel Expense Act of 1949.
3. Househunting.....	None.....	None.....	1 round trip for employee and spouse.
4. Temporary quarters.	Outside United States: Employee and family for up to 90 days after arrival at post, up to 30 days prior to departure. Rates arranged in 15 classes. Maximums range from \$1 to \$15 per day per person, ½ rate for children under 11. Inside United States (arriving from overseas): Up to 15 days for single employees, 30 days for employees with family. Maximum rate \$6 per day, ½ rate for children under 11.	None.....	Inside United States up to 30 days. Maximum rates not to exceed maximum per diem rates for first 10 days, ¾ per diem next 10 days, ½ per diem last 10 days and for up to an additional 30 days in Alaska, Hawaii, etc., where shipment of goods takes more than 30 days.
5. Flat allowance for miscellaneous expenses.	Foreign transfer allowance and home service transfer allowance. A flat sum to offset part of the cost of interclimatic zone transfers. Ranges from \$75 to \$175 for families. Applies to about ¼ of transfers.	None.....	1 week's pay for single employees. 2 weeks' pay for employees with dependents computed at a rate not to exceed maximum rate of GS-13.
6. Real estate expenses..	None. However, employees are furnished quarters or granted quarters allowances averaging about \$2,000 per year.	None.....	Reimbursement of brokerage fees and similar costs at customary rates in the locality.

NOTE.—This comparison of Foreign Service and civilian benefits does not include Foreign Service post allowances, supplemental post allowances, separate maintenance allowance, education allowance, educational travel, representation allowances, or official residence expenses.

Chairman DAWSON. Mr. Erlenborn.

Mr. ERLENBORN. Thank you, Mr. Chairman.

Thank you, Mr. Macy, for your very fine statement.

I wonder if, in your preparation of this bill and your recommendation to our committee, you have made an examination of the expenses that are allowed to employees of private firms?

Mr. MACY. You mean those that are allowed under the procurement regulations—

Mr. ERLNBORN. I mean in private industry, the practices? I think you made reference to that on page 6?

Mr. MACY. Yes, sir; we have. I have here, Mr. Erlenborn, a copy of an American Management Association study entitled "Reimbursing Personnel for Transfer and Relocation Costs" which is a compilation of practices by major private companies in this field. And as I indicated in my statement, most private employers reimburse moving expenses to the extent recommended in this legislation and in many instances they go substantially beyond the limits that are proposed here.

—Mr. ERLNBORN. So that this proposal would not be more liberal than the practice followed in private industry?

Mr. MACY. No, sir; this would be generally in keeping, and if there is any deviation, it is on the low side.

Mr. ERLNBORN. If legislation such as this were to pass, what would our expectation be as to the taxability to the employee of the amounts that are allowed to him?

Mr. MACY. This is an issue that is before the Commissioner of Internal Revenue. I think a comment on that is beyond my competence to make. My own view would be that these are reimbursements of expenses necessary in the line of work and I don't believe they should be taxable as extra income.

Mr. ERLNBORN. If they were taxable, then the employee still would not be fully reimbursed?

Mr. MACY. Correct. The basic objective of the legislation would be partially lost if it were necessary to pay taxes on the reimbursement.

Mr. ERLNBORN. No further questions.

Mr. HOLIFIELD. Could I ask a question on that, Mr. Chairman?

Chairman DAWSON. Yes.

Mr. HOLIFIELD. Could this be handled from a bookkeeping standpoint in such a way it would be chargeable to the expenses of the agency rather than as an asset value to the employee?

Mr. MACY. My understanding and the Budget Bureau witness, Mr. Staats, can give you a more complete response, but my understanding would be that the cost of such reimbursement would come from an object in the appropriation other than personal services, so that it would not be viewed as compensation, but would be viewed as reimbursement for the costs of a move at the convenience of the Government.

Mr. HOLIFIELD. For the benefit of the Government and not primarily for the benefit of the employee.

Mr. MACY. That is the key phrase in this, for the convenience or the benefit of the Government. And I have tried to explain to those I have talked to on this legislation, that this is not a fringe benefit. This is a reimbursement of costs which the employee must make in order to carry out the instructions of his Government, his employer.

Mr. HOLIFIELD. I think Mr. Erlenborn brought up a very important point, because if a man is going to receive \$2,000, for instance, for moving, and has to pay 30 percent or 25 percent of that back in income tax, it certainly is not doing what you expect the legislation to do.

Mr. MACY. Exactly, and I feel that the basic philosophy behind this legislation would indicate that this is not compensation, this is not

additional income. This is reimbursement, and therefore, should not be taxable.

Mr. HOLIFIELD. Have you contacted the Internal Revenue as to whether a regulation could be issued that might put this in the category of "expenses," the same as a businessman has when he makes a business journey?

Mr. MACY. This has been my recommendation. There has not been a final decision on this from the Commissioner of Internal Revenue.

Mr. WYDLER. If the gentleman would yield on this, I would like to point out, the problem here isn't with the expense to the business, because I don't think there is any real issue concerning the fact that this is or isn't an expense either to the Government or any private business concern. The problem arises as to the income possibilities to the employee himself and this is something, I think, that the Internal Revenue Service should clear up quickly, if this bill is to really do what you want it to do.

Mr. MACY. I agree, and we will continue to work with them on getting a clarification on this.

Chairman DAWSON. Mr. Rosenthal.

Mr. ROSENTHAL. Thank you, Mr. Chairman.

Mr. MACY, the article that you referred to as indicating the practices that private industry participates in, insofar as bearing the cost of these expenses, could you put relevant portions of that article into the record, those portions of the article that you think would give us the basis for comparison of the nature of the responsibility that industry participates in?

Mr. MACY. I would be happy to. We will extract from this and provide you with the basic information that is relevant to the points that are made in the bill.

Mr. ROSENTHAL. And you will submit that to the subcommittee for inclusion into the record?

Mr. MACY. Yes, sir.

(The material referred to follows:)

[Excerpts from AMA Research Study 67¹]

REIMBURSING PERSONNEL FOR TRANSFER AND RELOCATION COSTS

(By K. K. White, American Management Association, Inc.)

HIGHLIGHTS OF THE REPORT

The AMA survey found that 256 firms—77 percent of the 329 companies responding—have definite policies covering benefits for employees transferred to other locations. Generally speaking, companies without such policies are relatively small (compared to those with transfer policies) in terms of gross sales and number of employees.

As would be expected, the larger company can provide greater benefits, especially when it comes to assisting the employee to dispose of housing that must be vacated and helping him establish residence in a new location. Furthermore, companies that transfer employees both singly and in groups are likely to provide more extensive benefits than companies that only transfer employees individually. This practice is a pertinent factor in the area of home purchase and sale.

¹ This study is copyrighted by the American Management Association, New York, N.Y. "Contents may not be reproduced in whole or in part without the express permission of the association."

One benefit typical of most companies surveyed (approximately 80 percent of the respondents) is compensation for premove expenses. Reimbursement is made for temporary living expenses incurred by the employee and his dependents, including costs for lodging, meals, laundry, and various other necessities. In addition, 50 percent of the responding firms pay for employee trips to visit the former location, should the family remain behind during the initial period of transfer. Companies will also bear the cost of trips made by the employee and his family to survey the new location and to secure suitable housing, in addition to paying travel expenses when the actual move takes places. Some companies compensate employees for the full cost of moving, which usually includes packing, unpacking, storage, and insurance charges on household possessions.

Often, the costliest aspect of transfer and relocation involves employee real estate. Company policies vary with regard to this matter. Forty firms in the survey group, for example, purchase the employee's home at a price determined by competent appraisers, or at a price based on the original cost plus an occupancy adjustment. Forty-one firms guarantee to reimburse the employee against any loss he may sustain if he makes the sale himself. Employees who rent living quarters are reimbursed by most companies for payments made to cover unexpired leases. Employees faced with the necessity of maintaining two residences find that most companies are willing to pay the greater of the two expenses to ease this financial burden.

These benefits, and many others described in this report, cost a company several thousand dollars per transferee. The minimum cost reported in this study is \$500, with a maximum cost of \$7,500. Of course, actual cost is relative to the extent to which such benefits are provided.

* * * * *

TABLE 5.—*Types of premoving expenses that companies will pay (236 firms)*

Benefit provided	Number of companies	Percent ¹
Transportation costs for more than 1 person.....	139	59
Transportation costs for 1 person only.....	31	13
Per diem allowance for more than 1 person.....	70	30
Per diem allowance for 1 person only.....	16	7
Expense account for employee.....	147	62
Payment for employee trips to and from old location prior to family move....	135	57
Other.....	41	17

¹ Many companies provide more than 1 of these aids. Survey respondents report 579 types of premove help covered in their policies. The percentage column here shows the proportion of the companies that give the specific form of assistance listed.

Premove expenses

According to the survey data, 80 percent of the 256 companies providing transfer benefits compensate employees for premove expenses. Table 5 lists the types of premove charges paid by 236 employers, including trips to the new location for the employee, his wife, and other members of the family; a per diem living allowance or expense account for the employee and his family; payment for trips to and from the new location; and a per diem allowance for the family while settling in. A majority of these 236 companies (62 percent) provide employees with an expense account to cover temporary living expenses, travel, and the like, before the final move. It should be noted that 139 firms (59 percent of the responding companies) pay for trips to and from the old location before the employee is permanently settled. These 139 companies also compensate employees for the transportation costs of other persons who take part in the selection of the new living quarters and in the final move. A steel company stated:

"Employee and spouse will be paid for transportation and living expenses during the period of time necessary to locate suitable living quarters at new location. Employee should coordinate the duration and date of this trip with manager at new location. In the event more than one such trip is required, employee and spouse will be reimbursed for the expenses outlined in this section for subsequent trips upon approval of the manager at the new location."

Temporary living expenses for employees

Temporary living expenses for employees are paid by 87 percent of the 256 firms which pay transfer and relocation benefits. Only 8 percent (21 firms)

do not include this benefit in their policies. Twelve companies did not answer the query on this point.

This type of coverage usually includes expenses for food, lodging, laundry, and miscellaneous items. Of the 223 firms providing it, 208 reimburse the employee for all of his food expenses; 215 pay his lodging bills; 159 pay all his laundry bills; and 128 acknowledge payment of 100 percent of miscellaneous expenses (baby-sitting fees, charges for long-distance telephone calls, and the like).

Policy on temporary living expenses for dependents

Although the majority of the companies are fairly generous in underwriting an employee's temporary living expenses, they are not so quick to pick up the tab for his dependents.

Undoubtedly, this reluctance to play host to the whole family stems from the fact that in most instances the employee reports to his new location at some appreciable length of time before he has had a chance to find permanent housing. He is compelled to use other quarters for the time being, and the company willingly reimburses the employee for this inconvenience, but it feels that the employee's family can continue to live in their old home until permanent quarters are found at the new location. However, situations do arise where the employee's former home or apartment must be vacated before the new permanent quarters for his family are available for occupancy. For this reason, many firms (63 percent of the respondents) allow employees' dependents to stay in temporary accommodations at the new location at company expense, regarding this action as an aid in morale building.

Only 21 percent of the firms reporting transfer benefits fail to pay temporary living expenses for dependents. On the other hand, 63 percent of the respondents compensate employee dependents for all food bills incurred; 66 percent pay all lodging bills; 48 percent pay laundry bills; and 41 percent underwrite miscellaneous expenses.

TABLE 10.—*Company assistance provided to employees seeking new homes*¹

Type of benefit provided	Number of companies	Percent
Providing assistance in real estate matters.....	106	60
Maintaining a list of available housing in the new location.....	70	40
Paying for dismantling of fixtures.....	68	39
Paying legal fees.....	58	33
Preparing and distributing booklets describing the new community.....	43	25
Paying for recording of deeds.....	41	23
Paying closing costs.....	37	21
Paying for title search.....	37	21
Paying for employee-placed classified ads.....	18	10
Providing plant space to brokers and builders for the purpose of informing employees of available facilities.....	8	4
Other.....	34	19

¹ For the 176 companies that provided information with regard to real estate assistance, 485 types of aid were reported. The percentage column here shows the proportion of respondents who provide the specific benefit listed.

TABLE 14.—*Company assistance provided to employees selling their homes*

Type of benefit provided	Number of companies	Percent ¹
Advertising.....	24	17
Placing notice on company bulletin boards.....	27	19
Paying of real estate commission.....	96	66
Paying of legal expense connected with sale.....	77	53
Acting as employee agent and selling house.....	12	8
Paying mortgage at discount points.....	27	19
Buying property at market value determined by competent appraisers.....	37	26
Buying property at market value based upon original cost less occupancy adjustment.....	3	2
Making up difference if employee sells at less than appraised value or adjusted cost.....	41	28
Paying for title search.....	65	45
Paying taxes or mortgage interest during period in which employee owns new house as well as old house.....	56	39
Other.....	42	29

¹ A total of 507 answers were provided by 145 companies. The percentage column shows what proportion of these companies provide each of the benefits listed.

Mr. ROSENTHAL. Just one other question, Mr. Macy.

Is it your opinion, and I believe you have indicated this somewhere in your statement, that we are doing this not only because it is fair to the employee, but because it is good employee practice and thereby the benefits inure to the Government?

Could you restate for us generally why you feel that the Federal Government is really the long-term beneficiary of this type of legislation?

Mr. MACY. I believe that the Government is the long-term beneficiary, because I feel that one way in which the Government gets a greater return in the way of productivity and contribution from employees is to assign them to a variety of experiences, that this is a part of the development of the employee in the course of his career. But that process is frustrated if the individual is obliged to take a loss on each move.

Further, I feel this is to the benefit of the Government, because the Government should have the flexibility of assigning the individual with the needed skills to a particular job wherever it is, in the interests of the Government.

At the present time there is a marked reluctance on the part of many managers in the Federal service to request employees to move to new locations because of the loss that is entailed. For example, in the Internal Revenue Service they have developed a fine corps of managers. It is their view that part of the progression of those managers is movement from a division level to a regional level, and it means that there may be several moves in the course of a career. This they find difficult to do because of this obstacle.

The Government also has a situation today where many operations are being consolidated or are being moved in the interest of greater economy and efficiency. And it is again unfair for the Government to insist that these economies be made in the interest of the Government at a sacrifice on the part of the employees. We have instances of this not only in Defense, but in FAA, where there is a consolidation of facilities. We find it in the Post Office Department, where they are moving certain operations to new locations. So that it is to the benefit of the Government to have employees who have these skills, who have gained them through long experience, move with their jobs to the new location and continue to use them, rather than have the Government go to the cost of replacing them, because they are unwilling to move at a sacrifice.

Mr. ROSENTHAL. Taking a specific example, when you talk of Defense, in my own area, in the closing of the Brooklyn Navy Yard, I know of an employee who lost his job in Brooklyn, and they offered him a job in Philadelphia. Would he be covered under this bill?

Mr. MACY. He would be covered under this bill.

One of the problems that came up in the closing of the navy yard here in Washington, a number of years ago, was that there were needs for the skills that those employees possessed in other navy yards, but many of the employees were unwilling to move to Boston, or Philadelphia, or Charleston, or Mare Island, because it was clear they would lose money on the move. And so they would start off in a new location, where you always have more expenses during your first adjustment, they would start off behind financially, which would be

clearly disadvantageous to them and would create morale problems and produce lower production.

I think that in administering this it is clear that this can be controlled in such a way that if there are a few instances where an employee moved at his own request, these benefits do not apply. There has been some concern expressed in some quarters that this would finance moves that the employee desires in order to get into a more salubrious climate or something like that. Clearly, the management can control this, so that this is not used to finance that kind of move. This is clearly in the interest of the Government and the regulations can be constructed in such a fashion that a finding as to the need of the Government is made in every case.

Mr. ROSENTHAL. Thank you, Mr. Chairman.

Chairman DAWSON. Mr. Wydler.

Mr. WYDLER. Thank you. How long has this type of legislation been under consideration, Mr. Macy?

Mr. MACY. It has been under consideration in the executive branch, to my certain knowledge, for a period of about 8 years. However, it has only been in the last 2 years that there have been proposals forwarded to the Congress, and I believe that this is the first occasion on which there has been the development of a bill and hearings on a bill. There has been a need on this, but part of the problem has been to have the facts at hand in order to design a legislative program which will meet the actual conditions which produce the loss.

I feel that this 1963 study that you have, which was a survey of 5,000 moves, gave us the solid basis for the legislation that you have before you at the present time, which is needed in order to really complete the Government's responsibility with respect to transfers of this type.

Mr. WYDLER. Could this proposal be done through executive action in any way?

Mr. MACY. No, sir; because it calls for amendment to the Administrative Expenses Act of 1964, which was a legislative consolidation of a number of different travel and expense statutes that existed prior to that time. The standards are set in that statute, so that it is not possible, for example, to raise the weight limitation from 7,000 to 11,000 without an amendment of the statute.

It is not possible to reimburse for the actual travel, the actual subsistence expense of families without amending the law.

The law in this area is quite precise and the restrictions upon the executive branch are very clear.

Mr. WYDLER. Now, you have testified that your latest estimate of the cost is \$26 million a year, as of present conditions. How did you arrive at that figure?

Mr. MACY. We endeavored to price out each of the provisions that are specified in the bill and again, these are very rough estimates, based upon a continuation of the transfer and travel patterns that prevail at the present time.

Mr. WYDLER. Is it based at all on the figure you have in your testimony as to the average loss to an employee?

Mr. MACY. Yes, sir; it is based upon an estimated costing of approximately 35,000 moves that are made each year under each of the provisions. In other words, we have costed out what the cost would be

for the increased weight limitation, what the increased cost would be for providing per diem for family members, and so on, and by summing these up, we have come out with this figure. I emphasize that the figure is rough, because we do not have any way of knowing just what the future patterns of transfer are really going to be.

This is based upon current experience.

Mr. WYDLER. If I take your figure of \$560, which is the figure you gave, as the average loss figure, and I multiply that out by the 35,000 moves, I get a little under \$20 million as the cost of that. How would you explain the addition of \$6 million in your figures?

Mr. MACY. Well, as I say—

Mr. WYDLER. If my mathematics are correct?

Mr. MACY. I think they probably are. Actually, that was the way, I think that was the way we arrived at the original \$22 million, but we tried this additional calculation based upon the individual provisions, and produced the figure of \$4 million in excess of that.

Mr. WYDLER. All right. Now, is there any requirement in this bill as to the time an employee would have to have worked for the Government before he could take advantage of this provision?

Mr. MACY. No. The provision is that he must agree to work at the new location at least a year after the move. But this does not apply to temporary employees; in other words, these must be employees who have a regular appointment.

Mr. WYDLER. What would stop a particular agency in New York, for instance, from hiring a man for a particular job and immediately shipping him to California?

Mr. MACY. I believe there is a restriction.

Mr. Staats?

Mr. STAATS. The plan, Mr. Wydler, is to handle this by administrative regulation. This will resolve itself in part to the length of time he has been on the job, and what the circumstances would be as to whether or not it would be appropriate in a given case, to move a man who may have been recently employed, say in New York or California and moving him long distance to another location. But it has been our view that this would be handled more effectively by administrative regulation. Obviously there should be something in the regulations to cover the point of the kind you mention.

Mr. WYDLER. I also would be very concerned with the problem of how many times a man might be moved, let's say, within a year under these provisions, as well. I am particularly thinking of the very case you brought up, these construction workers. I don't know how many times they may be moved from place to place, but I think there should be some thought given to the possibility of abuse in that respect.

Mr. MACY. As Mr. Staats indicated, we would certainly place certain controls in the regulations that would be administered by the Bureau of the Budget, so that there would not be abuses. It might very well be that you would call for no more than one move every 2 years, unless there were some urgent justification for it. But these would be standards in the regulation.

Mr. HOLIFIELD. Will the gentleman yield?

Mr. WYDLER. Yes.

Mr. HOLIFIELD. Is this supposed to apply to common laborers? My understanding would be that this would apply more to career salaried people?

Mr. MACY. It would apply to all Federal employees where there is a move ordered by the Federal Government.

Mr. HOLIFIELD. This would be the Government doing the job, what do they call it, in force?

Mr. MACY. Force accounting, do you mean?

Mr. HOLIFIELD. Force accounting.

Mr. MACY. It would apply to force account personnel if they were moved on a permanent change of station to a new location. Frequently you have construction work under force account that is on temporary assignment at various points. For example, in the Tennessee Valley Authority, this has been true. But the great bulk of the Government's work on construction is done under contract.

Mr. HOLIFIELD. I understand.

Mr. MACY. And it is the supervisory personnel of the Government from the Corps of Engineers or the Air Force or the agency that is supervising the construction, that are assigned to these locations.

Mr. HOLIFIELD. I can understand supervisory personnel, but when the Government starts transferring common laborers on a construction job, it would seem to me you are getting in pretty deep.

Mr. MACY. I can't envision a situation where that would be the case on a construction job. But I do see where in a naval shipyard, for example, there might be some highly skilled manual workers, like machinists, for whom this would apply, who are paid on an hourly rate basis rather than on a salary basis.

Mr. HOLIFIELD. Many of the construction workers have mobile homes and they move from one big job to another, working for contractors. I doubt very much if the contractors pay expenses of moving their mobile homes.

Mr. MACY. As I understand it, from the construction industry, usually there is a corps of supervisory or top journeymen that they keep in the company and they move around at their own expense. But the rest of the labor tends to be recruited in the area where the project is, and this would also be the practice in the Government.

Mr. HOLIFIELD. They come at their own expense.

Mr. MACY. Come at their own expense.

Mr. HOLIFIELD. I believe, maybe you have looked into this, in the case of the Defense contractors, they are paying these expenses to recruit people for better jobs, I am thinking about now, professional jobs.

Mr. MACY. Oh, yes.

Mr. HOLIFIELD. They do offer them, and that is an allowable expense.

Mr. MACY. That is an allowable expense under the contract.

Mr. HOLIFIELD. And therefore the Government is paying that.

Mr. MACY. The Government is paying when a private contractor does this on a Government job, but the Government is not doing it for its own employees.

Mr. HOLIFIELD. We have a bill before this subcommittee now, in regard to the travel time of the employees from Las Vegas out to the atomic test site, where the Government is giving an allowance to all

contractor labor, and yet the civil service employees are not given this travel allowance back and forth. We have a request from the administration now.

Mr. MACY. It is a clear inequity that needs to be corrected.

Mr. HOLIFIELD. I hope we can get to this bill before the Congress adjourns.

Mr. MACY. Fine, I hope we do too.

Mr. HOLIFIELD. Thank you.

Mr. WYDLER. How are you going to handle a situation of putting this act into effect, assuming it is passed and signed by the President. Will it affect those moves in process or will it just affect moves that are planned thereafter or what will be the actual deciding point?

Mr. MACY. I would assume that it would apply at some prospective date. You would not try to pick up those already in process. You would apply it to moves from some specified effective date and on into the future.

Mr. WYDLER. I tell you, I would like to have, for my own consideration of this piece of legislation, some of these prospective regulations that you are thinking of putting into effect, so that I could see how these problems are going to be handled, because otherwise they possibly should be handled in the bill. For instance, a bill of this type becomes by its very nature almost a mandatory requirement. I am sure any employee who is denied his traveling expenses because of some regulation is going to raise a great deal of fuss about it and claim that he was entitled to it by the provisions of this bill. So I am a little bit uncertain as to how we should handle some of these questions I have raised, whether it really should be handled by regulations or specified in the bill.

I think to consider that properly, I would have to have a little idea of what the proposed regulations would look like.

Mr. MACY. Perhaps in his testimony, Mr. Staats, speaking for the Budget Bureau, which would be the agency drawing up the regulation, can give you some further elaboration on the points you have raised. They are valid points and clearly they need to be accommodated, it seems to me, preferably in the regulations. If these are overriding points, perhaps some of them should be incorporated in the statute.

Mr. WYDLER. Finally, you have estimated currently \$26 million annually, but as a practical matter wouldn't the very fact of the passage of this bill greatly increase the number of moves that are made by Government employees?

Mr. MACY. That is difficult to speculate about. It seems to me that this is controllable because this is for the needs of the Government. I wouldn't anticipate any significant increase. I think there would be some. I think there would be a small margin of increases.

Mr. WYDLER. Like 10 percent?

Mr. MACY. I don't foresee it being in excess of that, and certainly both the Commission and the Bureau of the Budget will follow on this very carefully to see what the impact of these new provisions is on the movement of employees and make certain that it is not out of bounds.

Mr. WYDLER. Thank you, Mr. Chairman. I wish to thank you for your very clear testimony.

Chairman DAWSON. Mr. Lanigan, do you have any questions?

Mr. LANIGAN. I just have one technical question on section 27.

Would you contemplate that section 27 would apply to an employee who had been separated less than 6 months before the enactment of this bill and who is rehired after that date?

Mr. MACY. I believe that what is intended here would be those that are separated subsequent to the passage of the act, and that the 6 months would not start to run until the act was on the books.

Mr. LANIGAN. I just wanted to get that in the record.

Chairman DAWSON. Mr. Henderson?

Mr. HENDERSON. No questions.

Chairman DAWSON. Thank you very much for your testimony.

Mr. MACY. Thank you.

Chairman DAWSON. Next is the Honorable Elmer B. Staats, Deputy Director for the Bureau of the Budget.

STATEMENT OF ELMER B. STAATS, DEPUTY DIRECTOR, BUREAU OF THE BUDGET; ACCOMPANIED BY GEORGE MULLINS, OFFICE OF MANAGEMENT ORGANIZATION

Mr. STAATS. Thank you, Mr. Chairman.

I have a prepared statement, which I believe has been made available to the members of the committee.

I am pleased to appear before this subcommittee in support of H.R. 10607.

We have known for many years that employees who were required to move to new posts of duty were not being reimbursed for all of their actual moving expenses. However, until 1963, when the Civil Service Commission completed its survey of actual moving expenses incurred by more than 5,000 Federal employees, the losses being incurred by employees were not adequately documented. The survey indicated that these losses averaged more than \$500 per employee per move and that a significant number of employees lost more than \$1,000 per move.

H.R. 10607 would authorize the Government to pay additional allowances in order that employees would not be required to incur these losses. We believe the Government has a simple obligation to pay the reasonable moving expenses of employees who are required to move at the Government's request. It is particularly important to consider such legislation at this time because it will be necessary for many employees of the Department of Defense to move as military installations are closed.

The fact that major industries are much more liberal than the Government in paying the reasonable moving expenses of their employees is another important reason for supporting this bill. We have been striving to achieve comparability of salaries and other employment conditions between Federal and non-Federal employees. Enactment of this bill would help to achieve that goal.

At present, under the Administrative Expenses Act, civilian employees may be reimbursed for four kinds of moving expenses, as follows:

The cost of transporting up to 7,000 pounds of household goods.

When necessary, the cost of temporary storage of employees' property.

The cost of transportation of employees and their families from old to new duty stations.

The subsistence expenses of employees—but not their families—while en route between old and new stations.

It is obvious that employees who must move incur many costs in addition to these four categories. For example, in many instances employees own more than 7,000 pounds of household effects and consequently must pay a portion of the carrier's bill or else sell part of their property before moving. When employees move their families, the families, as well as the employees, incur subsistence expenses but the Government can reimburse only for the employees' expenses. Frequently, employees must make a trip to their new stations before they are actually transferred in order to find satisfactory permanent quarters. They must also incur substantial costs of selling and buying homes or canceling leases. In addition, they incur a variety of miscellaneous expenses, such as costs of new auto registrations, costs of connecting appliances, et cetera.

H.R. 10607 would liberalize existing allowances to authorize payments for these kinds of costs as follows:

First, the present statutory maximum of household goods which can be shipped at Government expense would be increased from 7,000 to 11,000 pounds. The present maximum was established when the Administrative Expenses Act was enacted in 1946. Since then, most families have acquired additional household conveniences such as dishwashers, dryers, deep freezers, et cetera, and 7,000 pounds clearly is not adequate in many instances. A statutory maximum of 11,000 pounds would be consistent with the maximum allowance provided for uniformed personnel in the armed services, Coast Guard, Coast and Geodetic Survey, and Public Health Service. Unmarried employees and other employees without families or with small families would not require the maximum allowance of 11,000 pounds and the bill would permit the Bureau of the Budget to continue its present practice of establishing limitations below the statutory maximum in such instances.

Second, the bill would authorize the payment of a per diem allowance for members of employees' immediate families to cover their subsistence expenses when they move to new official stations. The amount of the allowance could not exceed the maximum provided by the Administrative Expenses Act for employees in travel status. Currently, that maximum is \$16 per day but we contemplate that administrative regulations would provide for lesser allowances in appropriate instances.

Third, the bill would authorize reimbursement of transportation and subsistence expenses for employees and their spouses for one roundtrip between old and new stations for the purpose of seeking permanent residence quarters before transfers take place. The study by the Civil Service Commission indicated that approximately 60 percent of the employees with families found it necessary to make such househunting trips at their own expense. However, the bill would not authorize such trips when the old or new duty stations are located in foreign countries or in other areas outside the contiguous 48 States and the District of Columbia. This feature also would be subject to administrative limitations of either the Bureau of the

Budget or the agency concerned to prevent the payment of maximum allowances under circumstances when such trips would not be necessary or when lesser allowances would be justified.

Fourth, the bill would authorize payment of subsistence expenses of employees and their families while they are occupying temporary quarters awaiting the opportunity to move into permanent quarters. This provision is intended to help employees and their families who are transferred to new duty stations under circumstances which require them to live in hotels or other temporary quarters before they can move into their homes. Such temporary quarters may be required because employees' household goods are not delivered promptly by carriers. In other instances, it is necessary for an employee to live in a hotel because he must report for duty at a new station on very short notice and his family must remain at his former station until his home is sold, and other moving arrangements completed.

However, this provision would be subject to two limitations. First, when the new official station is located within the contiguous 48 States and the District of Columbia, the employees could be reimbursed for not more than 30 days in temporary quarters. Reimbursement for an additional 30 days could be authorized for employees transferred to or from Alaska, Hawaii, the Commonwealth of Puerto Rico, the Canal Zone, or the territories and possessions of the United States. The additional period is provided because of the greater length of time required for shipments of household goods to or from these locations and the increased possibilities for delays in delivery of these shipments.

The second limitation would provide for gradual reductions in the amount of reimbursement an employee could receive for the actual subsistence expenses which he incurs while he and his family are living in temporary quarters. During the first 10 days the allowances could not exceed the statutory maximum per diem rates for employees in travel status. The maximum allowance would be two-thirds of the statutory maximum rates during the second 10 days and would be one-half of the statutory maximum for any period in excess of 20 days. When appropriate, these maximums could be limited further by administrative regulations. This descending scale of rates is intended to provide for reasonable reimbursement of expenses while encouraging employees to move into permanent quarters as soon as possible.

Fifth, the bill would authorize the reimbursement of expenses actually incurred by employees in settling unexpired leases or selling their homes at their former stations and buying homes at new stations. Under this provision, employees might be reimbursed for such expenses as brokerage charges for selling their homes and other normal expenses imposed in settlement of real estate transactions. Reimbursement could not be made, however, for real estate sales losses such as those caused by sales of employees' homes at less than their value or purchases of homes at higher prices. The Civil Service Commission study showed that approximately 1,200 of the 5,037 employees included in the test incurred costs of selling their homes which averaged \$677 and that about 1,000 employees incurred costs averaging \$297 on the purchase of homes at their new stations.

Sixth, the bill would authorize the payment of a cash allowance to employees to assist them in defraying a wide variety of miscel-

laneous expenses normally incurred in moving to new stations. Under this provision, employees with families would receive an allowance equal to 2 weeks of basic compensation and those without families would receive an amount equal to 1 week's basic compensation. The amount allowed could not exceed the maximum salary rate of grade GS-13, which would be about \$305 for 1 week and \$610 for 2 weeks.

Seventh, employees assigned to isolated locations within the contiguous 48 States where there are no residence quarters available other than barracks or furnished rooms would be authorized to store their household effects at Government expense for as long as 3 years. The amount of property which could be stored would be limited to 11,000 pounds. This feature would extend to persons stationed within the United States, a privilege which already exists for employees assigned to other areas, including foreign countries.

Finally, employees separated from their positions because of reductions in force or transfers of functions and rehired to permanent positions within 6 months after their separations would be entitled to the same allowances as if they had been transferred to a new station without a break in service.

In order to assure that moving expenses are not paid to employees who do not intend to continue working for the Government after they have been moved, the bill provides that employees must agree in writing to remain in the Government for at least 1 year after they have moved unless they are separated for reasons beyond their control. If that agreement is violated, the amounts allowed for moving expenses must be returned to the Government.

Moreover, the bill would permit the Government to exercise judgment in deciding whether an employee's household effects shall be shipped on Government bills of lading. The law now provides for use of the commuted rate system under which employees select household goods carriers and are reimbursed for the costs of moving their property in accordance with an established scale of allowances. These allowances are based on commercial tariffs approved by the ICC. This method often is satisfactory but in some instances it is less costly for the Government to make the necessary arrangements for shipments on Government bills of lading. The bill would permit us to take advantage of these opportunities for reduced costs.

We have found it difficult to develop estimates of additional costs which the Government would incur if H.R. 10607 is enacted. If the patterns disclosed in the survey by the Civil Service Commission were to remain valid, additional reimbursements would be about \$20 million per year. This estimate is obtained by multiplying the average loss per employee of \$560 as reported by the Civil Service Commission by 35,000, the estimated number of employees required to move each year. We are inclined to believe that costs might be somewhat higher, however, because it is reasonable to expect that if the bill is enacted some employees would not act according to the same patterns reported by the Civil Service Commission.

For example, some employees who sold part of their household effects in order to avoid shipments in excess of the existing 7,000-pound limit might decide to ship all of their property if the weight limit were increased to 11,000 pounds. Similar changes might occur with respect to other features of the bill.

We do not know of any reliable way to determine the extent to which employees would change their practices if the bill were enacted but additional costs might be about \$40 million. The Department of Defense is estimating that its costs would be increased about \$25 million, including about \$3.4 million which would be associated with base closures. And to that extent, you ought to regard that as a one-time cost spreading over about 2 or 3 years.

In conclusion, I wish to emphasize two points which I have made:

First, employees should not be required to pay substantial moving costs out of their own pockets when they are moved to new duty stations for the Government's convenience. The Government has a clear obligation in such cases either to pay for such expenses directly or to reimburse the employees who incur them. We believe the bill is designed to meet that obligation.

Finally, we know it will be necessary to make allowances under many different conditions and that these conditions will change. Administrative flexibility is necessary. The bill meets this requirement by establishing general maximums with authority provided to the President to regulate the system. We expect that such regulations would be issued promptly upon enactment of the legislation. Care will be used in assuring that the additional authority which would be authorized by the bill is prudently administered.

I might note, Mr. Chairman, that the bill provides that the regulations be issued within 90 days after passage of the legislation.

Chairman DAWSON. Mr. Erlenborn?

Mr. ERLNBORN. Mr. Staats, I think I commented once before, and I think I should again, to compliment the Bureau of the Budget when they submit statements like this, using both sides of the paper. As I pointed out last time, the General Accounting Office failed to do that and used about twice as much paper. I think that, since this subcommittee is concerned with economy, you should be continually complimented on your economy in using both sides of the paper.

Mr. STAATS. We appreciate small compliments as well as larger ones.

Mr. ERLNBORN. I would like to encourage you in this practice.

I am wondering about the cost of travel under this bill when the employee and his spouse would make one round trip for the purpose of finding a new home in the new location. Would this be reimbursed at actual expense of travel? In other words, would the employee purchase the ticket and then submit a receipt for the cost of that travel, or would it be on the basis of 10 cents a mile, 12 cents a mile, 20 cents a mile?

Mr. STAATS. If he moved by common carrier, it would be in terms of the Government providing the travel the same as if you or I as a Government employee were to travel and be paid in that way. If it were determined that the most direct and economical way for him to do this was to travel by automobile, and in many cases this would be the case if he were moving his family, then he would receive reimbursement in accordance with the Travel Expense Act, which allows him to receive up to 12 cents a mile.

Mr. ERLNBORN. I wondered about that, because I think that actually the allowance of 12 cents a mile for husband and wife, if they each get the 12 cents per mile, and they are traveling in the family car—

Mr. STAATS. They would not.

Mr. ERLBORN. Only be the allowance of one automobile.

Mr. STAATS. One automobile.

Mr. ERLBORN. I have the same question as to subsistence allowance during the 30-day period. Is this at the rate of \$16 per day, or some per diem rate or is it actual cost of rent and meals?

Mr. STAATS. It would not be in excess of \$16 a day. That would be the maximum. And we would assume that either the Budget Bureau or agency regulations would in a great many cases fix lower maximums than that. It depends on the part of the country he is in as to the prevailing established rate that is assumed to be fair for that area. But it would be in accordance with whatever rate is established for Government travel generally in that area or those cities.

Mr. ERLBORN. I was thinking that, during this 30-day period, if an employee, his spouse and children, were each to receive per diem allowance, it might well far exceed the actual cost of subsistence during that period of time.

Mr. STAATS. Would you care to comment on this?

Mr. MULLINS. That is not only with respect to subsistence costs but also the transportation, the point that you made earlier.

Mr. ERLBORN. Right.

Mr. MULLINS. For example, family plan rates would be available for transportation, but in that case, since the Government is paying the transportation, it will take advantage of all of those breaks that it can get from the carrier. In the case of—

Mr. ERLBORN. When will this be implemented? This is what I am curious about. Is the Government going to ask for a receipt for the actual cost and then reimburse the actual cost, or are they going to make an allowance on some predetermined formula?

Mr. MULLINS. It would be the latter, as it is now planned, and which will be consistent with our present travel policies generally instead of getting into the business of a detailed accounting in each case, which would have to be audited and so forth. A per diem is permitted, in lieu of subsistence, which has been stated is now the statutory maximum of \$16, but the law provides and would continue to provide that that amount may be reduced by administrative regulations.

In the case of this bill, there would probably be more occasions for reducing it because, for example, if an employee, alone, is staying in a hotel, he would pay perhaps \$10 a day for a good hotel room. If he and his wife were staying in the hotel room, there would be reduced costs, and additional members of the family could make more economical arrangements per member of the family, so we haven't really decided just what the rates ought to be, but we have pretty well figured that it would be necessary to have a lower per diem rate, say, for the wife, and, perhaps, still lower for each child, each dependent.

It might be a half, or a third, or a fourth, and some people are even speaking of a lower standard than that, but we don't really know what it ought to be for sure as yet. We haven't figured out what would be right yet, but we are sure it will definitely be less than the amount the employee, himself, received.

Mr. WYDLER. Will the gentleman yield?

Mr. ERLNBORN. Yes, sir; certainly.

Mr. WYDLER. Do you understand you have taken into account, in trying to figure out the costs of this proposal, giving these people 2 weeks' salary, in addition? Has that been taken into account in all of these estimates you have made up for us?

Mr. STAATS. This is the reason we have estimated a range lower because we have to frankly say at this point that we cannot price out all of the possibilities that will take place under this new legislation. We wanted to give you what we regard honestly as a maximum figure, \$40 million.

Our staff has been through this and have made varying assumptions as to how much the 7,000 actual weight allowance will increase. You have so many variables in this that you can't do anything more, in our opinion, than to estimate what the maximum will be, assuming that the highest cost would be taken in all cases.

So our estimate is that \$40 million would cover under all of these contingencies. Our belief is that the figure will probably be nearer, say, in the range of \$25 million, or maybe, \$30 million, but we do not want to come here today and make a pretense of being able to give you a completely precise estimate of what would happen under this bill. We are confident that \$40 million would be a complete outside figure.

Mr. WYDLER. What I am asking is, when you say the average loss per employee is \$560, does that include any part, an amount of \$610, or 2 weeks' miscellaneous expenses?

Mr. STAATS. This is our understanding of the Civil Service Commission's report which covers this point, and it was reflected, to the best of the employee's ability, to reflect or find from his records the expenses that he incurred on a move which took place in 1962, in the calendar year 1962. This report was made in 1963, based on experience in 1962.

Mr. WYDLER. You see the significance of that because that would be so grossly misleading, it would almost be twice as much for that particular item alone.

In other words, if we are not considering at all this miscellaneous expense that we are now going to enact into law, that is almost equal to the entire amount of what we are claiming as the average loss per employee. That would double the amount right there.

Mr. STAATS. That was covered in the Civil Service Commission's report.

Mr. WYDLER. In your term "average loss for employees," there is some allowance made for his out-of-pocket expenses; is that the answer?

Mr. STAATS. I believe that is covered on the questionnaire.

Mr. MACY. The problem that is faced here, it is a comparison of an average with a maximum. The figures that Mr. Staats cited with respect to the payment for miscellaneous expenses, based upon the maximum of grade 13, was a maximum of \$610. The average would be substantially lower than that.

You are correct in your assumption that that cost was included in the survey that produced the average loss of \$560.

Mr. STAATS. Mr. Wydler, in the Civil Service Commission's report, which I believe is before you, if you turn to appendix A, the questionnaire that was used for the purpose of this survey details here the

categories that the employee was asked to fill in, indicating what his actual costs were, so that all of that category would be included, but subject to whatever limitation you want to assume with respect to the employee's ability to recall, or whether his records were accurate at the time he filled in the questionnaire.

Mr. WYDLER. Thank you.

Mr. ERLNBORN. The last question I had was in the same area. I was wondering about the interpretation of your statement there on page 7:

We do not know of any reliable way to determine the extent to which employees would change their practices if the bill were enacted, but additional costs might be about \$40 million.

I was wondering if you meant by that an additional over the anticipated \$20 million, or in other words, a gross of 60.

Mr. STAATS. Over the current?

Mr. ERLNBORN. Over the current.

Mr. STAATS. Yes, sir. The extra cost which would be added by the authority of this bill, we believe, would be in the range of \$20 million to \$40 million. We mentioned this figure of 3.4 million, which is the Defense Department one-time figure in connection with the number of employees that they assume will be moved as a result of base closings program. The \$25 million figure has once been worked out in some detail by the Department of Defense and furnished to us only yesterday.

But they have assumed, incidentally, roughly, 17,000 moves in the current year, which is fairly close to including the number of base closings, which is about 2,300 or 2,400, and they have, roughly, 40 percent of all of the civilian employees of the Government.

So that the 17,000 figure, which they are using, would be pretty close to an overall figure of 35,000 moves, which the Civil Service Commission has assumed.

Mr. ERLNBORN. As I understand it, the cost of these moving expenses will come out of various funds of the various agencies involved and, in fact, under the wording of the bill, I don't think it is too well identified as to what particular appropriation or budget allowance of the agency will be used.

I am leading up to this question: Is there any way, under your present bookkeeping practices, that, say a year or 2 years from now, you will be able to identify for us the actual increased costs?

Mr. STAATS. Yes, sir. We should be able to do that. Now, the bill does authorize, or make it possible for the transferring agency, if it is an interagency transfer, to make this payment as well as the receiving agency.

Say, if an individual is being transferred from Agriculture to the Bureau of Reclamation, or vice versa, and it is not possible in the receiving agency to do that, and if it is for the good of the Government they do this, the law, I think, desirably makes it possible for the transferring agency to make the transfer.

Mr. ERLNBORN. Will these costs be identified at the end of the year so you will be able to tell what has been expended, say, a year from now, when we will call upon you to render a report of what the actual increased costs have been, and you will be able to identify those costs?

Mr. STAATS. I am sure we can.

Mr. ERLNBORN. No further questions.

Mr. ROSENTHAL. Thank you, Mr. Staats. The only thought I have, and I appreciate your testimony this morning, is that subdivision 4 of section 23, where you permit the reimbursement of brokerage fees. It seems to me that is an area that might create the most misunderstanding and might create the greatest number of problems, and also might be the most expensive provision of the bill.

I would just suggest and bring your attention to the fact that those regulations covering this section ought to be quite clear and quite precise so as not to permit any collusion.

Mr. STAATS. These regulations are not going to be easy to draw, Mr. Rosenthal. We appreciate that point. I agree with the thought you have expressed that they ought to be precise, and would go further and say, maybe, restrictive, so as to avoid any situation where there might be collusion in any sense involved here.

But it is a legitimate expense. We didn't feel it ought to be completely omitted and that, properly regulated, we think it would be a desirable thing to have.

Mr. ROSENTHAL. Thank you, Mr. Chairman.

Mr. HOLIFIELD. Could I comment on that, Mr. Chairman? Would you draw any line between a man selling a home with a capital gain, and selling it at a capital loss? Certainly the expense of sales, the 6-percent real estate commission, or whatever, would cause the customer a clear loss if he were selling at a capital loss, but if he were making \$2,500 on his house, he would have a capital gain there. I just wondered if you had thought about that?

Mr. STAATS. He would have a capital gain, and if he bought a house of equal value within a year, he would have no tax to pay on that gain. If he didn't buy a house, of course, he would be subject to the capital gain on that \$2,500. The bill, itself, as you know, does not provide for any reimbursement for capital loss.

Mr. HOLIFIELD. I understand.

Mr. STAATS. The individual takes the capital loss and this is just part—

Mr. HOLIFIELD. One of the risks he makes on his investment in a home.

Mr. STAATS. That is right. As to whether or not, if he has a capital gain, whether we should allow the brokerage fee, or not—

Mr. HOLIFIELD. That is the point I am raising.

Mr. STAATS. That specific question, I hadn't thought about this very far.

Mr. HOLIFIELD. I am not recommending; I am just bringing it up as something we might be asked on the floor.

Mr. STAATS. It ought to be considered in terms of the regulations, certainly, if a person has a large capital gain and is buying another house, whether he should be permitted all of the same expenses as an individual, say, who suffered a capital loss in the transfer and is buying a new house.

Mr. HOLIFIELD. If you don't reimburse him for capital loss, you shouldn't penalize him on a capital gain, so that would be a matter of equity to consider.

Mr. ROSENTHAL. If the gentleman would yield for just a second. On this point, he would be buying another house in an equally inflated

market so that the economics of the time would be the same. Maybe he will go to an area where the inflation may not have been more or less and it might have been different, but I think, there, you would be getting into a real problem of determination.

But, again, I think it is a very worthwhile thought, and this particular section is the one that seems to me to warrant the most careful attention and scrutiny in drawing the regulations.

Mr. STAATS. I would agree.

Mr. HOLIFIELD. Also consider from the standpoint of equity the fact that he possibly is an unwilling seller. If you are transferring him, maybe he would rather stay there and not sell, and make the capital gain, so he is being forced to do something that is outside of his primary choice, maybe.

Mr. STAATS. This is an area we debated at considerable length in our own discussions, and we had before us the experience in private industry, reflected in the report that Mr. Macy referred to here, and for a great many private firms where they actually buy the house of the individual when he is transferred and then take whatever loss there might occur in connection with the sale. They carry the property and that makes it possible for him to move earlier and get his investment back.

This is a rather widespread practice. I believe in some 40 out of 107 firms that responded to the questionnaire of the American Management Association, they follow this practice.

Mr. WYDLER. Mr. Chairman, as an attorney, I have to say a word here in behalf of and in favor of attorneys. Have you given any consideration, for instance, in the idea of what are normal fees imposed in settlement of real estate transactions to the question of attorney's fees?

Mr. STAATS. We haven't.

Mr. WYDLER. That is something a person has to pay, of course, to sell his house. You don't really give us much detail as to what you are going to consider normal fees imposed in the settlement of real estate transactions, but I was just curious if that would be one that would be included, or not?

Mr. STAATS. I would think so. If it is a cost to the individual, and it would be in the case you cite, then I think it should be included.

Mr. WYDLER. And, of course, I am sure you realize that, very often, in sales of property, real estate commissions are matters of compromise. The method of payment would be such that the Government would know what the actual real estate commission was on the sale. Am I safe to assume that?

Mr. STAATS. Have to be a set, and it would be subject to audit.

Mr. WYDLER. What is going to guarantee the Government that a husband and his wife, who take one of these trips to inspect a house, we will say, in California, or look for a house in California, subsequently goes to California?

Mr. STAATS. They would be ordered to duty before they would take this trip.

Mr. WYDLER. In other words, they will already have been signed, sealed, and delivered to go to California?

Mr. STAATS. Yes, sir. In other words, this would be a specified date for transfer to take place, September 1, October 1, or whatever the date might be.

Mr. WYDLER. Thank you, Mr. Chairman.

Chairman DAWSON. Do you have any questions, Mr. Lanigan?

Mr. LANIGAN. No, Mr. Dawson.

Chairman DAWSON. Thank you very much, sir.

Our next witness will be F. Henry Barclay, Jr., Assistant General Counsel, General Accounting Office. He is accompanied by Mr. James M. Campbell and Mr. Thomas J. Gallagher, attorneys.

STATEMENT OF F. HENRY BARCLAY, JR., ASSISTANT GENERAL COUNSEL, GENERAL ACCOUNTING OFFICE; ACCOMPANIED BY JAMES M. CAMPBELL AND THOMAS J. GALLAGHER, ATTORNEYS

Mr. BARCLAY. Mr. Chairman, members of the subcommittee, I am Henry Barclay, Assistant General Counsel of the General Accounting Office. On my left is Mr. Thomas Gallagher, and on my right is Mr. James Campbell, attorneys in the Office of the General Counsel of the General Accounting Office.

I have a prepared statement which I would like to read with the chairman's permission.

Chairman DAWSON. Go ahead.

Mr. BARCLAY. The purpose of H.R. 10607 is to liberalize the benefits payable under the Administrative Expenses Act of 1946, as amended, to civilian employees when they are transferred from one official station to another in the interest of the United States.

H.R. 10607 is similar to H.R. 8814 and H.R. 9800, 89th Congress, upon which we submitted reports to your committee dated July 14 and July 22, 1965, respectively. We note that several of the recommendations that we suggested in such reports have been incorporated in H.R. 10607. Moreover, it would appear that the other significant recommendations in our reports could appropriately be considered for inclusion in the regulations issued pursuant to the proposed legislation.

We have made no specific study of the costs incurred by Government employees incident to changes of official stations. While we agree in principle that employees should be adequately reimbursed for the expenses incurred incident to transfers of official stations for the convenience of the Government, we recognize that the bill involves a matter of policy for determination by the Congress and, therefore, we make no recommendation concerning its enactment.

Section 1 of the bill would increase the maximum net weight allowance on household effects that may be transported at Government expense incident to a change of official station from 7,000 pounds to 11,000 pounds. This limitation will apply to all employees covered by the Administrative Expenses Act of 1946, irrespective of grade.

That section would also allow agencies to pay the actual expenses of transportation, packing, etc., of household goods and personal effect, rather than to require payment under the present commuted rate system, on transfers of station between points in the continental United States when more economical to the Government.

Section 2 of the bill would add a new section (sec. 23) to the Administrative Expenses Act of 1946, as amended. The new section 23 would authorize the issuance of Presidential regulations increasing existing benefits in four ways:

Paragraph (1), would authorize the payment of per diem allowances in lieu of subsistence for the immediate family of an employee while enroute between the old and new official stations of the employee, within or outside the United States. This benefit is comparable with that presently granted personnel subject to the Uniform State/Aid/UDIA Foreign Service Travel Regulations.

Paragraph (2), would authorize the payment of a per diem allowance for an employee and his spouse, together with round trip transportation costs incident to their locating permanent residence quarters at the employee's new station provided the old and new stations are in the United States. The bill now limits the number of round trips reimbursable under this paragraph to one per change of station.

Mr. Chairman, I would like to add at this point, in reading over the bill again, I found that the bill contains no limitation whatsoever as to how long an employee and his wife might remain at the new station in locating new quarters.

The committee may wish to consider putting some limitation in the bill, or this could appropriately be taken care of, and we assume it would be by regulation. But at the present time, the bill is wide open in that regard.

Paragraph (3), would authorize reimbursement (within the limitations specified therein) for the actual expenses of subsistence of an employee and his immediate family for a period up to 30 days while occupying temporary quarters at a new station within the United States.

This paragraph also would authorize reimbursement for an additional period—not in excess of 30 days—when the transfer is to or from certain enumerated areas. The provision now provides for appropriate reductions in per diem rates at the end of 10 days and 20 days, respectively.

Paragraph (4), would authorize reimbursement for the expense of the sale of the residence or settlement of an unexpired lease of an employee at his old station and the expense incurred incident to the purchase of a home at new station, when the old and new official stations are located within the United States. The expense of selling would not include losses on the sale of the residence.

We suggest a change in the language appearing on line 25, page 4, and line 1 of page 5 of the bill. Specifically, we suggest deleting the language appearing on those two lines and substituting in lieu thereof the following language: "Zone, but reimbursement for brokerage fees on the sale of the residence and other expenses under this subsection shall not exceed those customarily."

This language change will insure that reimbursement, not only for brokerage fees, but for other expenses of the sale of the old residence and purchase of the new residence shall not exceed customary local charges for the services incurred.

Section (2) of the bill also would add a new section (sec. 24) to the Administrative Expenses Act of 1946, providing authority under regulations to be issued by the President to pay a flat allowance; namely, 2 weeks' compensation for an employee with family and 1 week's compensation for an employee without family, which is designed to cover miscellaneous expenses incident to the transfer of official station.

Under this paragraph an employee could receive a flat amount of as much as \$609—based on current pay rates—to cover miscellaneous expenses. In view of the other provisions of the bill, we are not aware of what miscellaneous expenses normally would approach the maximum flat allowance that would be allowable under the bill.

We point out, in that regard, that incident to a permanent change of station a member of the uniformed services with dependents receives a dislocation allowance equal to his basic allowance for quarters. The amount of such dislocation allowance varies from a minimum of \$45 to a maximum of \$201.

It is significant that the member is not entitled to special benefits comparable with those that would be accorded civilians under paragraph (3) of the new section 23 which would be added to the Administrative Expenses Act by this bill.

We note also that a transfer allowance to cover miscellaneous expenses incident to assignments to oversea areas is authorized under the Standardized Regulations (Government Civilians, Foreign Areas). Such allowance varies from \$75 for single employees to \$175 for employees having more than one member of a family. Thus, it appears to us that the maximum allowance provided under the bill may be out of line with similar allowances in other areas.

We have no comment on the proposed new sections 25, 26, 27, and 28 to the Administrative Expenses Act other than to note that the 1-year service requirement, and the resulting indebtedness in the event of a violation thereof, is consistent with the congressional policy as presently expressed in sections (1) and (7) of the Administrative Expenses Act of 1946, for transfers or appointments to posts of duty outside the United States and to certain new hirees appointed for duty in the United States.

At this time we would like to offer for the record a table which we prepared showing a comparison of military and civilian employee benefits in certain areas covered by H.R. 10607.

Mr. Chairman, this should be attached to the copies of the statement that you have before you.

(The above-described document is as follows:)

Comparison of certain existing military and civilian travel benefits (under Administrative Expenses Act of 1946) and those proposed in H. R. 10607

Type benefit	Existing military	Existing civilian	Proposed under H. R. 10607
1. Household goods weight limitation.	Varies by grade from 5,000 pounds to 24,000 pounds. See par. M 8003 JTR. 24,000 maximum is reduced by annual appropriation act restrictions. (See sec. 515 of Public Law 88-446.) 11,000 pounds H.R. 9221, 89th Cong., contains similar 11,000 pounds limitation.	7,000 pounds net (family); 2,500 pounds net (no family); Bureau of Budget circular A-56, June 1, 1962. 5 U.S.C. 73b-1.	11,000 net weight (family).
2. Subsistence en route for family.	None.	None.	Yes; limited to maximum per diem under Travel Expense Act of 1949.
3. Mileage for POV travel.	Member 6 cents; dependents (over 12) 6 cents but not in excess of 2; dependents (under 12) 3 cents; total mileage limitation on dependents 18 cents; par. M 4150-1 JTR, par. M 7003 JTR.	Employee not to exceed 12 cents; dependents accompanying employee, nothing.	Nothing.
4. Per diem and transportation incident to locating residence quarters at new station in United States.	None.	None.	One round trip for employee and spouse.
5. Temporary lodging allowance.	Outside United States only; par. M 4303 JTR.	Outside United States only Standardized Regulations section 120 (3 months after first arrival, 1 month prior to departure). None.	Inside United States 30 days plus 30 additional days for certain areas.
6. Flat allowance for miscellaneous expenses.	Dislocation allowance to members with dependents. Varies according to pay grade in an amount equal to member's basic allowance for quarters (\$45 to \$201).	None.	One week's pay for single employees. 2 weeks' pay for married employees. Computed on pay rate not in excess of maximum step for GS-13.
7. Nontemporary storage.	In general benefit is restricted to situations in which member is on duty outside United States or on sea duty; par. M 8101 JTR.	Authorized under certain conditions when post of duty is outside continental United States Bureau of Budget Circular A-56, effective June 6, 1962. None.	Authorized at isolated locations in United States where no residence quarters are available.
8. Expenses of disposition of old residence and acquisition of new residence.	None.	None.	Yes, reimbursement of brokerage fees and other costs.

This concludes our statement, Mr. Chairman. We will be glad to answer any questions concerning our testimony and the provisions of H.R. 10607.

Chairman DAWSON. Mr. Holifield?

Mr. HOLIFIELD. No questions.

Chairman DAWSON. Mr. Rosenthal?

Mr. ROSENTHAL. I have no questions.

Chairman DAWSON. Mr. Wydler?

Mr. WYDLER. I would just like to ask one question regarding this disparity between the amounts that you would allow for miscellaneous expenses that you raise, and I notice that on the report put out by the Civil Service Commission, turning to the last page, it is not numbered, so I can't give you a page number, unfortunately.

But just before appendix A, the page just prior to appendix A, it would indicate there that the miscellaneous expenses range about \$200 on the average.

Mr. BARCLAY. I have not seen, Mr. Wydler, the Commission's report on this, but the figure \$100 to \$200 was the figure that was roughly running through our minds in this area. We have no information sustaining a figure for a grade 13, for example, and grades 14 and 15 of \$609. There is already covered in the bill 30 days while looking for permanent lodging, and it seems inconsistent, or, at least, something seems wrong, as there is an inconsistency here between the military and the Foreign Service and this proposal, as we see it, by just looking at it cold.

Now, there may be an answer to this, but we don't have the figures that have shown the answer, and that is why we thought we would like to bring it up.

Mr. WYDLER. I would just like to point out to you that this report tends to back you up in that question.

Mr. BARCLAY. The bill is so worded that this could be taken care of by regulations. The bill is not absolute that this will be paid. It is under regulations as the President deems appropriate to issue.

We bring it up for two reasons: (1) To pinpoint for the attention of the committee that the information that we have seen does not precisely point out a basis for the \$609 figure, and (2) as to whether it should be further limited in the bill or in the regulations, we thought the committee may want to consider this.

Mr. WYDLER. Thank you.

Chairman DAWSON. Any questions that you would like to ask this witness, Mr. Congressman?

Mr. KUNKEL. No, thank you.

Chairman DAWSON. Thank you, Mr. Barclay.

Mr. BARCLAY. Thank you, Mr. Chairman and members of the subcommittee.

Chairman DAWSON. Our next witness will be the Honorable John C. Kunkel, Member of Congress.

STATEMENT OF HON. JOHN C. KUNKEL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. KUNKEL. Mr. Chairman, I appreciate your courtesy in allowing me to appear before your committee, and also in having me called over from my committee so as to keep my loss of time there at a minimum.

I want to save your time and the members of your committee as much time as possible, so I would like to ask permission to file a statement and then I would like to make a few observations in addition to the statement, mainly because, in my judgment, I probably know as much about the practical operation of this as anyone.

Chairman DAWSON. You may insert the statement.

(Prepared statement follows:)

STATEMENT OF HON. JOHN C. KUNKEL, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF PENNSYLVANIA

Mr. Chairman, I am delighted that your committee has seen fit to take up this question of moving expenses of Federal employees. I hope you will report out a comprehensive piece of legislation along the lines of my bill and Mr. Rosenthal's bill, because this really is a serious problem—not only for employees but also from the standpoint of the efficiency of the Government.

Just how serious—and how unjust—the present situation is suddenly became clear as a result of the military base closings announced last November. We have had not merely a few employees but hundreds of employees transferring to new jobs all at the same time, and thousands of others who are trying to decide whether to accept transfer, or who are planning to move, are finding out just how costly a proposition it is.

To say that the Federal Government pays moving expenses now is to make an assertion every bit as empty and misleading as Secretary McNamara's statement last November 19 when his announcement of the base closings said that in cases where employees are transferred, "the moving expenses involved will be borne by the Government." Defense Department employees, if not others, have every reason to be disillusioned when they compare that statement against the amount of nonreimbursable cold, hard cash that is coming out of their pockets.

I am a little familiar with this in that a very large military installation, Olmsted Airbase, is being phased out in my district in Pennsylvania. And I have received a number of letters from employees who, to put it mildly, are not happy. One man, for example, figured that moving his family and household belongings out to California would cost him \$977 above and beyond the amount the Government would reimburse him—and he was taking into account only the most obvious expenses on which he would have to pick up the tab himself. In addition, he wasn't counting the cost of selling his home or the loss he may have to take on it on a depressed real estate market.

So I was not surprised when I read that a Civil Service Commission survey of 5,000 Federal employees who moved during fiscal 1962 showed that more than 80 percent sustained financial losses, and the losses averaged \$558.

I submit, Mr. Chairman, that this is not a fair or proper or businesslike way for the Federal Government to operate. In the first place, practically every transfer of an employee—and certainly every one of the transfers connected with military base closings—is supposed to be for the benefit of the Government. The overriding objective is to improve the efficiency of the agency ordering the transfer. The desires and welfare of the employee, in practically every case, are secondary considerations at best. With few exceptions, the transfers take place at the times and to the places that suit the Government. They are made at the convenience of the Government rather than the employee. In view of these factors, we cannot escape the conclusion that the Government should foot the bill for every reasonable cost involved.

Of course, there are cases where an employee wants a transfer and requests it and where his agency otherwise would not move him. That is another matter entirely, and in those cases the moving expenses would not be covered under my bill and Mr. Rosenthal's bill.

Now, more about this efficiency problem, and in that regard I will use as an illustration the present Defense Department reorganization of which the base closings are a part. If a Department employee—at Olmsted, for instance—refuses to accept transfer to another base and thereby relinquishes his job, then the Federal Government suffers a triple loss. First, it loses the skills this man has developed. Second, it has to pay the cost of training someone to take his place. Third, job performance suffers in the meantime. If this is efficiency I'll eat it.

And why might this employee decide to decline transfer to another base? One of the factors that may influence his decision is the cost involved in moving. Right now in my district, many Defense Department employees are weighing a great number of factors in their minds before deciding whether to accept transfer to Federal jobs in other areas. Many of them have become attached to the community. They have their homes there. They go to church there. They have friends and relatives in the area. They balance the Federal job offer against the prospect of finding employment in private industry and against the likelihood of having to sell their homes on a falling market and buy new ones on a rising market elsewhere. When you add to this the cost of moving, you may be adding a factor that tips the scales against acceptance of a transfer. Also, you may be tipping the scales against the Defense Department's best laid plans for improving efficiency. It is small wonder why the Department supports this legislation.

Before concluding, let me mention one other aspect that helps put these bills in perspective. In general, private industry provides at least as much assistance in meeting moving expenses of employees as would be provided for Federal workers under this legislation. A lot of companies go far beyond this. Similar help, or the equivalent, already is provided by our military services and for Foreign Service personnel. And the very same assistance that is sought in my bill and Mr. Rosenthal's bill already is required by law for employees of private firms performing defense contracts.

In light of all these things, I believe the provisions of these bills are not at all out of line. I will go another step and say they are not only eminently fair but necessary, and I urge that your committee approve them.

Mr. KUNKEL. The Olmsted Air Force Base in my district employed about 10,400 civilian personnel and about 2,000 military at one time. It is being phased out and, of course, all of the people at Olmsted either stop in my office or come in to see me to explain their problems and the difficulties and the losses which they will incur when they are forced to take a transfer to either Ogden, Utah, or San Antonio, or Oklahoma City. And they certainly do take a beating.

I heard the first part of Mr. Macy's statement, and in my judgment, he underestimates, I think he gave the figure of \$589, and that, in my judgment, is an underestimate of what it costs many of these people to make the move. That is out-of-pocket costs.

I have letters in my files where they set out in detail just what the paid-out items that they have to pay when they make these trips are and just how much the net deficit they incur is. And this is very essential.

Now I introduced the first bill on this subject after Mr. Macy had sent out a recommendation and a proposed bill which was referred to the Government Operations Committee. My bill is undoubtedly more liberal than Mr. Rosenthal's but Mr. Rosenthal's bill is a very fine bill and will go a long way toward curing the difficulties and my support is entirely back of his bill. I believe that it will be a long step forward in a much needed direction.

Now, this is a recurring thing for many of these employees. There is one man at Middletown, whom I know, who has already moved five times at the desire of the Government, and each time has incurred a loss. This time he had sufficient Government service to permit him to retire and get his pension and stay on in my section where he is living. But it is not at all unusual for the Government employees to be moved from one place to another many times during their career and they have no choice except to either leave the Government service or else to take this loss. They are faced with a terribly tough situation. There is no doubt in the world that it is to the financial benefit of the Government to take care of this because that is the way they retain these employees.

The employees at Middletown in particular, most of them are highly skilled mechanics in technical fields; for example, instrument repair. They do all of the work on some of the key sophisticated instruments for the Air Corps, both in the field of instruments and in the field of aircraft. So in order to train a new employee, assuming that they don't take the move, then if the Air Corps trains a new employee it is going to cost them anywhere from \$5,000 to at least \$20,000 to perhaps more before they can get a new employee who is as well qualified as the man who would have transferred if he hadn't had these impediments in his path. So it will result in a considerable saving for the Government from that angle, and I am desperately interested in seeing justice done because there are so many people that are taking it on the chin in my own section of the country. They are personal friends of mine, many of them. I have talked with them personally, I have their letters, and I know just what is going on.

Now if you will be kind enough to allow me to mention something irrelevant, it won't take more than a minute, I would like to do so. And with your permission it is this:

I secured the passage on the floor of the House of an amendment to the Housing Act. Senator Clark had the same amendment passed in the Senate and the two were practically identical and they are now part of the law of the land. This amendment will permit the Department of Defense to purchase the property of these people who are transferred at the prevailing price on the date the closure was announced. It will also provide a mortgage moratorium. The property will then be turned over to the FHA, which will try to rent it or dispose of it as soon as it can. It will really save the man who has to sell. Sometimes these losses run into very substantial figures, over \$5,000, and that will also be of great benefit to them, and it is something that industry has been doing for years, major companies and many others when they transfer their employees at their own desire.

I would like to have the support individually of Members of the Congress in securing funding for that bill. It is now the law of the land. But due to the lateness of the time when it was adopted, it has been impossible to get it funded. I don't know whether it can be done before next year, but I did want to call it to your attention because it is very much along the same line and the same pattern as the legislation which you are considering here. And these fellows are apt to take a double loss because they now are required to sell their properties at Middletown, they are required to sell them, if they are going to transfer, at a declining market that is well below the prices prevailing on November 19, 1964. Then when they go out to one of these three places, Ogden or San Antonio, or Oklahoma City, when they arrive there—all of these people are going out there at once—they have to buy their new properties on a rising market.

So I just wanted to call that to your attention so that as individual Members, not as members of this committee, you would have a sympathetic attitude toward that.

I appreciate very much your courtesy in permitting me to come in here and tell you about it, and if you would like to ask me any questions, particularly about particular incidents, I will be glad to answer them, because I really believe with the amount of mail and visits which

I have had on this subject, that I know about as much about the practical operation of it as anybody in the Congress at the present time.

Thank you.

Chairman DAWSON. Mr. Holifield?

Mr. HOLIFIELD. You made a good statement, Congressman, and it comes with more impact because of your personal experience in a very serious closing of the base you mentioned.

Mr. KUNKEL. I feel very strongly about it because it is really pathetic to see these fellows that have worked all their lives for the U.S. Government and then have to take it on the chin.

Mr. HOLIFIELD. Do you know of many cases where these people refuse to continue in the Government service, as in the case that you mentioned?

Mr. KUNKEL. The Department of Defense claimed—you know Mr. McNamara makes up his mind and then he doesn't change it—the Department of Defense claims they were going to have a transfer of about 65 percent. I have just gotten some figures from Middletown, which can't be called strictly official, yet they come from a group of management employees up there, who are the top level of classified employees, and so far it looks as if their transfer rate will be down around 32 percent. Now, you can see what a loss the Government is taking in having to train these new employees when they have that much of a loss in personnel, because you don't pick these fellows up off the trees out in the yard.

Mr. HOLIFIELD. That is all.

Chairman DAWSON. Congressman Rosenthal?

Mr. ROSENTHAL. Thank you, Mr. Chairman.

I want to congratulate our colleague for making what is one of the most persuasive arguments for the bill that we have heard all morning. I join Mr. Holifield in complimenting you in the highest fashion I know for taking the remarkable personal interest in the people in your district. I think this is a great tribute to your representation of that area.

Mr. KUNKEL. A lot of them are friends of mine. I have known them for years. They don't want to move away, when they have lived there, some of them, all their lives, and now they are forced to move away and at the same time taking this financial rap, both on the sale of their property and on the cost of their traveling expenses, which you are trying to cover in this bill.

Mr. ROSENTHAL. I want to thank you very, very much for your testimony, Congressman.

Chairman DAWSON. Congressman Wydler?

Mr. WYDLER. No questions.

Chairman DAWSON. Thank you so much. We understand your problem, and it is a problem of many of us, and we are all sympathetic to it, and we know that these moves must be made, and we hope we can pass legislation that will cover the expenses of them. If you could have heard the testimony this morning I think you would have been very, very much pleased.

Mr. KUNKEL. I, of course, have read Mr. Macy's letters, and I am quite familiar with it. That is the one reason I introduced by bill, because I wanted to do something to try to get this started. Certainly

it is a great boon to me to know that your committee has taken hold of the matter so promptly and started in on it.

Chairman DAWSON. We will try to see it through.

Mr. KUNKEL. Thank you.

Chairman DAWSON. I believe that is our last witness.

Mr. HOLIFIELD. We have four more witnesses representing labor employee groups. In view of the lateness of the hour, I assume they are all in favor of the bill and rather than take the time of the committee, I wonder if they would acquiesce to our request to place all of their statements in their present form into the record, as though they were given in person and if they have any personal comments, make them at this time. This will enable the committee to close the hearings on this bill without further delay as we will soon be called to the floor.

Chairman DAWSON. Mr. John McCart, Government Employees' Council, AFL-CIO.

**STATEMENT OF JOHN A. MCCART, OPERATIONS DIRECTOR,
GOVERNMENT EMPLOYEES' COUNCIL, AFL-CIO**

Mr. MCCART. Mr. Chairman, Mr. Holifield's suggestion, I think, is perfectly appropriate in the interest of advancing the legislation. I would simply like to commend to your attention three items that we list on page 4 of our statement.

We, of course, endorse the pending bill and express our appreciation to you, Mr. Rosenthal. This refers to sections 26 and 28. With respect to section 26, this involves a question in the decision as to which agency bears the financial responsibility for the reimbursement.

Mr. HOLIFIELD. The testimony this morning was that the receiving agency would have the responsibility, where there is a transfer of an employee from one agency to another.

Mr. MCCART. Mr. Holifield, as we read the text of the bill, it will permit either the receiving agency or the transferring agency to reimburse. The bill isn't clear as to who will have this responsibility.

Mr. HOLIFIELD. You would seek a direction in the regulations?

Mr. MCCART. Yes, that some agency be designated to say who will do it so that the employee isn't left high and dry.

With respect to section 28, that is the provision requiring the employee to sign an agreement that he will work for the Government for at least a year, except if he is separated for reasons beyond his control and acceptable to the department or agency concerned.

We feel that the employee should have some access to an appellate right where any disagreement can be determined with respect to the acceptability of the reason to the department or agency concerned.

Finally, we suggest that the committee give consideration to the inclusion of insurance on personal property intransit in connection with this legislation.

That concludes our recommendations, Mr. Chairman, for revisions. We heartily concur in the purpose of the bill and we want to commend you, Mr. Chairman, and the subcommittee, for your consideration of the legislation.

Chairman DAWSON. Thank you.

(The statement follows:)

STATEMENT OF JOHN A. MCCART, OPERATIONS DIRECTOR, GOVERNMENT EMPLOYEES' COUNCIL, AFL-CIO

Mr. Chairman and members of the subcommittee, the council, with its 31 unions representing wage board, classified, and postal employees of the Federal Government, requests that you take prompt favorable action on the pending legislation.

To you, we express sincere appreciation for arranging this hearing. Our gratitude is extended also to Representative Rosenthal, the author of H.R. 10607, and Representatives Kunkel and Udall for their introduction of earlier measures on the same subject.

Enactment of this legislation will remove an unfair financial burden from many Federal workers and will improve the Government's personnel management program.

These are the principal features of H.R. 10607:

- It increases the household effects limitation from 7,000 to 11,000 pounds.

- It provides per diem allowances for an employee's family incidental to his travel to a new location.

- It defrays transportation and living costs for one round trip to find a home in the new community.

- It extends subsistence to an employee and his family while in temporary quarters, with additional time if one of the transfer points is located in Hawaii, Alaska, or the territories and possessions.

- It reimburses employees for costs incidental to the sale and purchase of a home or termination of a lease.

- It includes a dislocation allowance of 1 or 2 weeks' base pay for miscellaneous expenses related to the transfer.

- It provides storage for employees' household effects when they move to isolated areas.

- It is applicable to employees separated by reduction in force or transfer and reemployed within 6 months.

- It requires that employees sign agreements to remain in Government service for at least 1 year to be eligible for these benefits.

All in all, Mr. Chairman, we believe the bill marks a significant step forward in the Government's continuing quest for a progressive personnel program. The council commends the President and his associates for their initiative in offering the program.

What justification can there be for requiring employees to experience a financial loss when they transfer from one locality to another, particularly when the reassignment is for the best interests of the Government itself? Yet that is what is happening in too many instances.

Four or five years ago, I recall listening to Federal workers complain about the legitimate, unreimbursed expenses they incurred in moving from one area to another.

About a year ago, the Civil Service Commission undertook a study of the costs encountered by Federal workers required to transfer to a new location. The evidence proved that the majority of individuals involved suffered a loss.

As a part of their career development programs, some agencies require employees to accept transfers in order to receive promotions. In other cases, individuals and their families must move to another community to preserve their Federal employment because of reduction in force or technological change. In rare instances, agencies use their prerogative to order an employee's transfer as a disciplinary medium.

Under these circumstances, the individual exerts little or no control over the decision to change his and his family's home.

At the very least, enactment of this legislation will make the families involved accept the move with greater willingness. And in those situations where employees now leave the Federal Government, rather than suffer a monetary loss resulting from a transfer, they will be more likely to remain with the agency. This will avoid the expense and delay involved in recruiting new employees.

Where an individual transfers with a promotion in prospect, the expenses above those now permitted may negate the financial advantage of the promotion for months to come. But for the Federal employee who is required to move while retaining his same grade, the additional loss is wholly unjustified. And for the career worker who accepts a position at a lower grade, the loss can mean a genuine financial hardship.

You will recall that on January 28, 1965, President Johnson appointed a Special Panel on Federal Salaries. This Panel made its recommendations to the President on April 15, 1965.

Its proposals included only two items not related directly to pay. One, severance pay for separated Federal workers, has been approved by the House Committee on Post Office and Civil Service in H.R. 10281. The second, which the Panel termed "urgent," includes "fair and adequate reimbursement of moving expenses."

In support of this second proposal, the Panel noted that it had received significant evidence that many Federal workers who comply with their agency's request to transfer experience losses reaching hundreds of dollars.

In passing, it should be noted that employees of companies maintaining contracts with the Federal Government have available the benefits outlined generally in this bill.

Mr. Chairman, there are several points in this legislation which we believe can be clarified to the benefit of all concerned.

Section 26 of the bill permits payments of benefits by either the agency from which or to which an employee transfers. The decision as to which agency bears the financial responsibility will be made "as may be agreed upon by the heads of the departments concerned." The council believes some agency in the executive branch should be designated to resolve conflicts which may arise under this language.

Section 28 requires employees benefiting from the legislation to agree to remain in the Federal Government for at least 12 months following their transfer, "unless separated for reasons beyond his control and acceptable to the department or agency concerned." We are convinced an employee should have available a right of appeal in the event his reason is not acceptable to the agency, and he believes the reason is justified.

Finally, the council recommends that the subcommittee extend consideration to adding the cost of insuring personal property in transit to the benefits available to employees who transfer.

With these suggestions, the Government Employees' Council endorses the pending legislation and urges your approval.

We appreciate sincerely your making time available for our comments on this important proposal.

Chairman DAWSON. Our next witness is Mr. Nathan T. Wolkomir, president, National Federation of Federal Employees.

STATEMENT OF NATHAN T. WOLKOMIR, PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES

Mr. WOLKOMIR. Mr. Chairman and members of the subcommittee, for purposes of expedition, we will submit our statement to be printed in the record in full, incidentally, on paper on one side, owned by the National Federation of Federal Employees. Most of it is discarded and thrown out by our machine for one reason or the other.

We have just two minor recommendations, sir. I would like to state with reference to Congressman Kunkel's remarks, that we have been working with him real closely since last November 19. In fact, we have had a series of hearings with the complete Pennsylvania delegation with reference to Olmstead Air Force Base, Brooklyn Navy Yard, N.Y., Griffiss Air Force Base, and across the country through northern Texas and what have you on these base closures. I certainly not only concur, but yesterday, we sent a request to Secretary McNamara to ask for the appropriation for the bill that both Senator Clark and

Representative Kunkel had passed as law, thanks to the cooperation of you gentlemen.

We have merely two recommendations to make. On page 2, in the next to the last paragraph in our prepared statement, we urge under section 27 of the Administrative Expense Act, that it be amended so that the subcommittee will extend from 6 months to 1 year the period for separated employees to take advantage of the provisions of the act. As Congressman Kunkel has indicated to you, the reason we ask for this section is because many of the employees, due to administrative regulations, of which you have heard much this morning, cannot during the 6-month period, possibly even put in for their claim. This has already happened in base closures.

As a result of granting them the additional 6 months, they can then have that extended time in order to put in their necessary claims according to the provisions of the act itself.

Mr. HOLIFIELD. Will you elaborate on that, please?

Mr. WOLKOMIR. Yes, sir.

Mr. HOLIFIELD. Why does it take longer than 6 months?

Mr. WOLKOMIR. I will use as an example, a base that started folding out, if I may, prior to November 19, and this is Griffiss Air Force Base in New York. At that time, which is approximately a year and a half ago, they had contemplated the functional transfer of the personnel at this installation. These people, of course, immediately reacted with a very traumatic reaction. They did not indicate the fact that they wanted to transfer with the function because part of the installation was being saved. They all felt that they would find a position, having been there 15 to 20 years, they would find a position among 700 jobs that would remain at Griffiss Air Force Base. You are moving 10,000 people around with 700 jobs available.

As a result, they did not sign statements to the effect that they would move. They are still in this traumatic state, may I say, at Griffiss Air Force Base. Finally they saw that there was no recourse except to transfer, but this was long after 6 months had gone by.

Now we would have to go into an explanation of what their referral lists are and what the stoppage lists are under the Department of Defense to understand the mechanics of the administration of moving these people. The 6-month period is not sufficient time for these people to definitely sign on the dotted line and say, "I am going to California," or "I am going to Texas." Due to this period of time, they would lose out if they did not put in their claim within a six-month period, should they decide at a later date to transfer.

Mr. HOLIFIELD. What about the convenience of the Government in getting these people to make a decision? If you are closing out a base and the person is notified that there are only going to be 700 jobs out of 10,000, certainly that person should exercise a certain amount of good judgment in saying, "I will have a very small chance, at least less than a 10 percent chance, of being in the 700 and I better sign up." In other words, would the delay in not signing up be of inconvenience to the Government in staffing new positions in other areas?

Mr. WOLKOMIR. The delay, sir, is also in terms of who is going to move when on a functional transfer. A functional transfer is always at the convenience of the Government. When you are moving a function from one place to the other—this is a McNamara decision, if I may,

in the Department of Defense. As a result, these people are not necessarily referred to a particular job.

Mr. HOLIFIELD. In other words, you are maintaining, the function isn't designated within a 6 month period?

Mr. WOLKOMIR. There are delays in functional transfers, too. Olmsted Air Force is a good example. At Olmsted Air Force Base, as Congressman Kunkel indicated, the fact that there is a very exotic type of function—our men in space, for example, were using instruments that were used and cleaned and maintained at Olmsted Air Force Base. They have a special type of a cleaning room facility there. As a result, those highly developed technicians that we have there, to date, don't know where they are going and they know that the function is transferring to San Antonio, but they still haven't been referred from the referral lists.

Now, there are approximately 187,000 people who are going to be shuffled around and displaced in just DOD. This doesn't take into account the moves from the VA closures, for example. As a result, when you are working an automatic machine, a computer, and you are feeding names in in order to get a referral list and then identify positions to develop a stoppage list, the marriage between the stoppage list, the referral list and the people themselves, takes a long time and this 6-month period from the time of notification is not enough.

Mr. HOLIFIELD. What happened at Olmsted Air Force Base? Was it more than 6 months before some of the people were given their functional referral?

Mr. WOLKOMIR. They are being moved piecemeal, sir. The function is not the complete mission of the base itself. They will take a small unit and move this unit during one period. Then they will take another move and take another piece of the unit and move it at a later date for administrative reasons.

Mr. ROSENTHAL. In the meantime, are these people still on the payroll?

Mr. WOLKOMIR. Yes, sir.

Mr. ROSENTHAL. But 6 months doesn't apply until after they have been removed from the payroll.

Mr. WOLKOMIR. It is the date of notification of functional move. When they are notified officially on a piece of paper that they are going to move functionally, they are requested to sign an affidavit to the fact that they will move.

Mr. HOLIFIELD. Are they notified as to where they will be referred?

Mr. WOLKOMIR. Yes, sir.

Mr. ROSENTHAL. But the bill in section 27 says 6 months from the date of separation, so I had taken that to mean after they had been separated, they had a 6-month period before they could be reinstated under the provisions of this act, that is, 6 months after they have been taken off the payroll. This is the way I read the bill.

Mr. WOLKOMIR. This is a different group of individuals. When we speak about separation, we mean separation from Government service completely. This is complete severance of their function.

Mr. ROSENTHAL. That is what I meant. You said section 27 should be changed from 6 months to a year.

Mr. WOLKOMIR. That is right.

Mr. ROSENTHAL. Section 27 applies only to those people who have been separated from the service.

Mr. WOLKOMIR. This is what happens. We have a person who has what is known as permanent status in civil service and this has happened now, for instance, at Griffiss Air Force Base and other installations. These people are notified about a functional move. Due to their trepidation about moving, they don't sign any affidavit. As a result, they are separated from service and they accept a temporary appointment.

Mr. ROSENTHAL. In that same job at that same place?

Mr. WOLKOMIR. It may not be the same job. Many of them are downgraded from a GS-12 grade to GS-4 grade. They will take a clerical job or whatever they qualify for and take a temporary appointment. This bill does not in any way affect the temporary appointments. You have to have permanent status. As a result, they will stay at the installation, hoping against hope, until the last moment to be transferred somewhere to stay at the installation in order to stay close to home rather than ship across country.

Mr. ROSENTHAL. What percentage of your employees fit into that category, that separate as permanent employees and accept appointment as temporary employees?

Mr. WOLKOMIR. I can only hazard a guess at this particular time and I can only use those installations which have been severely hit already. This would be in Memphis, for example, Griffiss Air Force Base, and I would say the percentage runs anywhere between 20 and 30 percent who don't want to move and they will accept anything to stay where they are. I believe the figures have not been exaggerated, but I believe that a study in this particular area is needed desperately in order to determine just how many people are affected by the complete referral system. We don't have any data to date and I don't believe the Commission has actually developed any data on which way is the complete functional transfer going costwise and otherwise.

Mr. HOLIFIELD. Would the extension from 6 months to a year solve this problem?

Mr. WOLKOMIR. It would relieve the problem. I don't think any of this legislation will solve all of the ramifications of what is involved in this, but it would relieve the problem.

Mr. HOLIFIELD. In other words, I am asking would they use the year of indecision in place of the 6 months' of indecision?

Mr. WOLKOMIR. I don't believe so, sir, because the administrative regulations by agency would take care of the time limitations in which they must go or decide not to go. We have had much talk about the administrative regulations in the regulatory controls and your point, Congressman Wydler, was excellent, in that you have to watch out for an administrative control which can be used for other than the original intent, and I believe this is what you had in mind. This is really excellent.

Chairman DAWSON. File your statement with the reporter.

Mr. WOLKOMIR. Yes, sir; we would like to have our complete statement made a matter of record, and I appreciate the cooperation of this committee in permitting us to testify.

Mr. HOLIFIELD. Your suggestion is based on your actual experience and the extension from 6 months to a year seems reasonable, according to your testimony.

Mr. WOLKOMIR. We, at the present time, are averaging, since the November 19 announcement of just base closures, between 25 to 50 cases a day of displeasures of one kind or another with reference to the functional transfers, and this is quite a burden, sir. We try to reconcile them through the agencies because we have no other recourse, to date.

Chairman DAWSON. Thank you very much.
(The statement follows:)

STATEMENT OF NATHAN T. WOLKOMIR, PRESIDENT, NATIONAL FEDERATION OF
FEDERAL EMPLOYEES

I am Nathan T. Wolkomir, president of the National Federation of Federal Employees. We have members in all departments and agencies of the Federal Government.

Mr. Chairman, I wish to express both our strong support for the purposes and objectives of H.R. 10607, and our appreciation for the interest shown in the very human problems toward the alleviation of which this bill is directed.

As has been stated by Congressman Rosenthal in introducing the bill, which has the support of the administration, it is designed to improve and liberalize the provisions of the Administrative Expenses Act of 1946 relating to reimbursement of Federal employees who are transferred from one place of employment to another for the Government's purposes.

The need for such legislation has become most imperative in recent times.

Scores of thousands of Federal employees in various departments and agencies have been affected by installation closures, reorganizations, changes of mission, functional transfers, and other actions which have uprooted them and their families.

This bill recognizes the need for action by the Federal Government to reimburse employees more adequately for moving and other costs incidental to the change in job locality, including certain real estate costs. It would place the Federal Government more nearly in line with prevailing policies on this matter which are followed by progressive firms in the private sector.

Mr. Chairman, we believe that this bill represents a very substantial forward step, and we strongly urge favorable action on it.

We feel that this excellent measure could be further improved, however, by at least three simple but very important amendments, which I request the subcommittee to consider at this time.

As members of the subcommittee are aware, large numbers of employees have been affected by the closures and reorganizations which have taken place since the beginning of the year in the Department of Defense, the Veterans' Administration, Federal Aviation Agency, Internal Revenue Service, Social Security Administration, and others. In order to assist these employees, who have had to absorb heavily moving and other costs covered under the bill, we propose that the effective date of H.R. 10607 be set at January 1, 1965.

We also urge, under section 27 of the Administrative Expenses Act of 1946, as amended by section 2 of the bill, that the subcommittee extend from 6 months to 1 year the period for separated employees to take advantage of the provisions of the act. This liberalization of the time element would, we feel, prove very helpful to many employees without adding to the cost of this legislation.

It is our view that subsection (3) of the amendment to section 23 should be further amended to provide that the employee receive full reimbursement of per diem allowance in lieu of subsistence for the first 30 days. This would be more equitable in the many cases where it takes employees more than 10 or 20 days to locate in a permanent residence. We are certain that this more liberal provision can be properly administered and in the long run to the advantage of the Government.

The National Federation of Federal Employees is pleased to note that the provisions of this bill have been recommended by the Bureau of the Budget and the Civil Service Commission and that they have, therefore, the full support of the administration.

As an organization of career employees, we have been acutely aware of the need for legislation of this kind and have strongly urged its introduction and enactment. Over the years, and especially in recent months, we have seen at firsthand the severe financial difficulties faced by Federal employees and their families impacted by installation closures and other actions which have terminated their employment in communities in which they have deep and long-established roots.

We have seen private business and industry take positive steps to assist their employees caught in the web of similar circumstances through no fault of their own. We have seen the Federal Government lagging in taking similarly appropriate action. Thus, the introduction of H.R. 10607 is welcomed by the National Federation of Federal Employees as evidence of a belated realization on the part of the Government of its own responsibilities in this area.

Mr. Chairman, it is evident that many more employees will be affected by administrative actions relating to closures and reorganizations in the coming months. It becomes ever more imperative, therefore, to act favorably and without delay on this legislation. We urge that the subcommittee report H.R. 10607 favorably and that all possible steps be taken to assure its enactment at this session.

Again, I wish to express to this subcommittee my appreciation for the opportunity of appearing here today in support of this worthy legislation.

Chairman DAWSON. Our next witness is Mr. George Meagher, director of legislation, American Federation of Government Employees.

**STATEMENT OF GEORGE E. MEAGHER, DIRECTOR OF LEGISLATION,
AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES**

Mr. MEAGHER. Thank you, Mr. Chairman. We will be happy to file our statement for the record and to be available to your committee staff for any assistance we might be able to provide.

In passing, sir, I would like to call your attention to page 2, where we support Mr. Kunkel's position on the Urban Redevelopment Act, where we believe this is a situation which also faces our members in loss of money on sales of homes.

Thank you.

(The statement follows:)

STATEMENT OF GEORGE E. MEAGHER, DIRECTOR OF LEGISLATION, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

The bill H.R. 10607 is a forward-looking measure which makes a substantial and realistic contribution toward the modernization of the policy of the Federal Government with respect to the movement of its employees between duty stations within the continental United States. The American Federation of Government Employees strongly favors the enactment of this bill and commends Representative Rosenthal for sponsoring it.

The bill brings governmental practice closer to that of many large companies in private industry whose employees are moved from one location to another. Such movement entails hardship and usually a large measure of loss in the sale of a house or the transportation of household goods or of other personal property. The Government should not require the employees to bear so much of the expense of providing it with trained and experienced talent where it is most needed.

This bill would be of immediate benefit to those employees affected by military base closings and also those involved in the closing of Veterans' Administration and Public Health Service hospitals. The benefits of the bill would be much greater if the effective date were moved back to insure coverage of employees who for some months have been forced to move to another locality because of the closing of so many installations.

One significant improvement provided in section 1 is the increase of expenses of packing, transporting, and unpacking household goods and personal property from 7,000 to 11,000 pounds. It would also permit payment of actual expenses

rather than on a commuted basis. Section 2 would permit payment of expenses on a per diem allowance basis of the immediate family of the employee between his old and new official stations. This should simplify the accounting and payment of expenses involved.

The bill would permit husband and wife to make one trip at Government expense to the new official station to seek permanent residence quarters. Also provided is payment of subsistence expenses of the employee and his immediate family for 30 days while occupying temporary quarters at an official station within the United States, its territories, or possessions. The 30-day period may be extended for an additional 30 days.

It would be better if the reimbursement for actual expenses would not be scaled down, as provided in the bill. The employee and his family may be required to occupy temporary quarters only because of lack of availability of a permanent home. Therefore, it seems inequitable to penalize the family by reducing the Government share to only half the cost during the last 40 days of a 60-day period.

The bill would permit the Government to pay the expenses of the sale of an employee's house or of the settlement of an unexpired lease at the old official station and also expenses incident to the purchase of a home at the new official station. It would be most helpful if some formula could be developed to reimburse an employee for at least part of the loss resulting from selling his house.

The employee who has a family would receive an additional 2 weeks of his basic compensation or 1 week if he has no immediate family. This would cover many incidental expenses. The whole process of settling in new surroundings involves many outlays of money. The cost of such an item as arranging for services, such as utilities, may add up to a sizable sum.

Of further help is the provision to reimburse the employee for the expense of storing household goods and personal effects which he cannot take with him or which he is unable to use because residence quarters are not available. The nontemporary storage would be available for not to exceed 3 years. This is important where suitable quarters are not available.

To receive the benefits enumerated in the bill, the employee would be required to agree in writing to remain in the Government service for 12 months following his transfer, unless separated for reasons beyond his control and acceptable to the agency concerned. One precedent which appears in a relatively recent statute is that in the Federal Employee Training Act which requires an employee to repay the Government the equivalent of the cost of tuition and books involved in training received at a nongovernmental institution.

H.R. 10607 is a bill which merits early approval. It offers benefits which would bring the perquisites of Federal service closer to those of large companies in private industry with which the Government is in competition for its most desirable talent. Thank you, Mr. Chairman, for making it possible to submit this comment.

Chairman DAWSON. Last is Mr. Theodore A. Vanderzyde, assistant to the president, District No. 44, International Association of Machinists.

STATEMENT OF THEODORE A. VANDERZYDE, ASSISTANT TO THE PRESIDENT, DISTRICT NO. 44, INTERNATIONAL ASSOCIATION OF MACHINIST AND AEROSPACE WORKERS, AFL-CIO

Mr. VANDERZYDE. Mr. Chairman, we would be very glad to file our statement for the record since our position parallels that of the Government Employees and Mr. Ryan's previous testimony on the salary legislation.

Thank you very much.

(The statement follows:)

STATEMENT OF T. A. VANDERZYDE, ASSISTANT TO THE PRESIDENT, DISTRICT NO. 44, INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS, AFL-CIO

Mr. Chairman and members of the committee, my name is Theodore A. Vanderzyde. I am assistant to the president, and legislative representative of District No. 44, International Association of Machinists and Aerospace Workers, AFL-

CIO, with offices located in Suite 811 of the Railway Labor Building, 400 First Street NW., Washington, D.C., 20001.

As representative of our organization, I wish to express our appreciation to this committee for arranging this hearing and according us the opportunity to present our views on this measure.

I also wish to express our thanks to Congressman Rosenthal, author of the bill, and to Congressmen Kunkel, Udall, and Dyal for their introduction of previous measures on this subject.

On June 18, 1965, the president of our organization, Mr. William H. Ryan, also testified on this subject in connection with legislation to increase salaries for Postal and Classification Act employees. The committee may wish to avail itself of his testimony on the subject in addition to that being presented here today.

The President's Special Panel on Federal Salaries pointed out in their report that under the present statute, military and civilian personnel are severely penalized because of inadequate authority to fully reimburse them for legitimate expenses of transfers to new duty stations ordered for the benefit and convenience of the Government.

The Panel's findings indicated that many employees who responded to the Government's request to transfer, suffered losses up to hundreds of dollars. Reasons of course, were many, according to the size of family, distance, mode of travel, and other costs entailed in any major move to relocate. However, the out-of-pocket losses were due principally to the absence of legal authority to provide for fair and equitable reimbursement.

In an era of technological change, increased knowledge and skill requirements, specialization, and mobility of personnel as a direct result of change or reduction-in-force, it is grossly unfair to expect career employees to suffer financial losses and undue anxiety and inconvenience in relocating to new duty stations. Moreover, such practices contribute to the loss of qualified and competent personnel, many of whom are in short supply, who have no desire to disrupt their lives while bankrupting their financial capacity or status. Frequent relocation encumbering undue financial loss is a deterrent to recruitment, and continuity of career employment within the Federal service.

The proposed bill seeks to correct the present deficiencies and inequities, and will contribute to the Government's continuing quest for the best qualified personnel for career service within our Federal departments and agencies.

This legislation provides, in part, increased allowance in the transportation and storage of household goods, reimbursement of costs incidental to the sale and purchase of a home, or termination of a lease; dislocation allowance of 1 or 2 weeks of base pay to cover miscellaneous expenses, subsistence for temporary quarters for the employee and his family, and is applicable to employees separated by reduction-in-force or transfer, and who are reemployed within 6 months.

This legislation and the rules promulgated by the President under authority of the legislation, would apply to transfers for the convenience of the Government and those resulting from closing facilities.

In reviewing the proposed legislation, we respectfully suggest that section 26 of the bill be strengthened or clarified to provide that some procedure be devised, or agency designated, to resolve any dispute which may arise between activities, agencies, or employee and agency.

The language of section 28 strongly suggests the need of an appellate device or body to protect the employee in the event of dispute as to the acceptability of reasons by an agency. Perhaps a clarification of the language would remove doubt.

We also suggest the committee consider insuring the personal property of employees who transfer while same is in transit. We deem this to be an appropriate extension of benefit associated with any movement of material goods of value.

It is clear that enactment of this legislation will greatly enhance our Government's position in the recruitment and retention of sorely needed and qualified personnel, increase confidence, sense of security, bridge the fringe benefits comparability gap, and increase morale and pride of Federal service as a whole.

In closing, Mr. Chairman and members of the committee, I urge you report favorably on this measure, and work diligently to effect its early enactment since our Federal personnel adversely affected by the recent closure orders have but little time to decide the fate of their careers and immediate future. They need and ask your help.

I thank you very much for your kind attention and courtesy.

Chairman DAWSON. Is there anyone else who would like to make a statement before we adjourn? Congress is in session and we are liable to be called to the floor at any time.

(Subsequently, the following statement was submitted for the record:)

STATEMENT OF PATRICK J. NILAN, LEGISLATIVE DIRECTOR, UNITED FEDERATION OF POSTAL CLERKS, AFL-CIO

Mr. Chairman and members of the committee, for the record, I am Patrick J. Nilan, national legislative director of the United Federation of Postal Clerks, AFL-CIO, with headquarters at 817 14th Street NW., Washington, D.C.

We are the exclusive national bargaining representative for the 245,000 clerical employees in the Postal Establishment under the terms of our national agreement with the Post Office Department.

A considerable number of our postal clerks are immediately concerned with the enactment of H.R. 10607, as a direct result of the Post Office Department introducing the ZIP code and sectional center concept of mail handling throughout the postal service. H.R. 10607 proposes to improve the allowances for moving expenses of Federal employees and our clerks need the relief proposed in this legislation.

The ZIP code program has already resulted in hundreds of our postal clerk employees and their families being transferred from existing postal facilities to other post offices as their present positions have been and will continue to be "phased out" as a direct result of the ZIP code program.

We appreciate very much the chairman and members of this committee scheduling hearings on H.R. 10607, because of the immediate problems affecting our postal employees, as well as other Government workers having to move from one area of employment to another as a result of administrative decisions by Government agencies. The proposed legislation will certainly improve existing law concerned with authorizing payment of moving expenses for employees being transferred from one Government installation or establishment to another in different parts of the country.

Administrative decisions by the Post Office Department related to implementation of the ZIP code and sectional center concept of mail handling could affect several thousands of employees in all parts of the country. We would like to strongly urge this committee to recommend a retroactive effective date for this legislation, not later than July 1, 1965, and preferably January 1, 1965. We recommend this amendment as many of our members have already moved or are in the process of moving in order to maintain a position in the postal service and are finding existing moving expense allowances totally inadequate.

We believe H.R. 10607 will relieve many employees of personal hardships, particularly financial, when having to make a move at the convenience or request of the Government. We would like to refer you to a "Report on Moving Expenses of Federal Employees" dated March 1963, which was developed by the U.S. Civil Service Commission and which very vividly describes the unfortunate situations Federal employees find themselves in under existing laws and regulations when being required to travel to another place of employment:

(1) More than 4 out of 5 employees lost money on moves for the convenience of the Government.

(2) Losses were substantial (average loss was \$558; approximately 17 percent of Federal employees report losses of more than \$1,000 in moving expenses).

(3) Heaviest losses were from closing costs on a sale of the old home (average \$677), closing costs on new homes (average \$297), above normal living costs for employees reporting to the new job ahead of their families (average \$257), and cost of temporary quarters for the family (average \$134). Other types of losses averaged \$100 or less.

(4) Employees with dependents lost on an average more than twice as much as those without dependents.

(5) Losses increased with distance moved, for those employees with dependents (net losses for such employees moving more than 1,500 miles averaged about 90 percent more than those moving fewer than 600 miles, and net losses for those moving between 600 and 1,500 miles averaged about 30 percent more than those moving fewer than 600 miles).

(6) About 1 in 5 persons with dependents shipped household goods in excess of 7,000 pounds, the present limit for reimbursement under law. (This does not take into account those who sustained losses through selling or giving away goods so as not to exceed the weight limit.)

(7) About 3 out of 5 Federal employees reporting used annual leave in connection with their move. (Average use, 33 hours.)

These reports by the U.S. Civil Service Commission clearly demonstrate the inadequacies of existing law in reimbursing employees for actual costs involved in moving from one location to another at the convenience of the Government. We therefore suggest that the provisions in H.R. 10607 would not only be more realistic, but would at least provide minimum protection for Government employees and their families accepting such transfers or relocations. We suggest the following provisions in H.R. 10607 should be the minimum improvements in existing law:

(1) Increases the maximum weight limitation for transportation of household goods and effects from 7,000 to 11,000 pounds.

(2) To provide per diem allowances for an employee's family incidental to his travel to a new location.

(3) Reimburses for transportation and living costs for one round trip to find a home in the new community.

(4) Proposes to extend subsistence to an employee and his family while in temporary quarters.

(5) Proposes to reimburse employees for costs incidental to the sale and purchase of a home, or termination of a lease.

(6) Proposes a dislocation allowance of up to 2 weeks' base pay for miscellaneous expenses related to the transfer of the employee.

(7) Proposes to provide for storage of employee's household effects when they are moved to isolated areas.

(8). It is applicable to employees separated by reduction in force or transfer and reemployed within 6 months.

Mr. Chairman, we support H.R. 10607, and hope that the committee will consider also recommending the retroactive effective date for this important legislation suggested in the first part of our statement. We believe this date should not be later than July 1, 1965, and, if at all possible, January 1, 1965. In addition, Mr. Chairman, we urge the committee to also amend H.R. 10607 to provide authorization for payment of actual costs to adequately insure household goods and personal property in transit.

Thank you, Mr. Chairman and members of the committee, for the opportunity to present this statement, and we hope this legislation will be enacted into law prior to the adjournment of the 1st session of the 89th Congress.

Chairman DAWSON. Thank you all very much, and we will give your wishes, as stated in your statements, every consideration.

We will now go into executive session and thank you for your presence this morning.

(Whereupon, at 12:05 p.m., the subcommittee closed the open session and went into executive session.)

TO REIMBURSE MOVING EXPENSES OF FEDERAL EMPLOYEES

(H.R. 10607—A Bill To Amend the Administrative Expenses Act of 1946, as Amended, To Provide for Reimbursement of Certain Moving Expenses of Employees, and To Authorize Payment of Expenses for Storage of Household Goods and Personal Effects of Employees Assigned to Isolated Duty Stations Within the Continental United States)

TUESDAY, SEPTEMBER 14, 1965

HOUSE OF REPRESENTATIVES,
EXECUTIVE AND LEGISLATIVE REORGANIZATION
SUBCOMMITTEE OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to call, at 10 a.m. in room 2203, Rayburn Office Building, Hon. William L. Dawson (chairman of the committee) presiding.

Present: Representatives William L. Dawson, Chet Holifield, Henry S. Reuss, John N. Erlenborn, and John W. Wydler.

Also present: Elmer W. Henderson, counsel; James A. Lanigan, general counsel, Committee on Government Operations; and John P. Carlson, minority counsel.

Chairman DAWSON. The subcommittee will be in order.

We will continue our hearings on H.R. 10607, the moving expense bill, requested by the administration, and introduced by our colleague Congressman Rosenthal. A number of Members have introduced similar bills and have requested an opportunity to either testify or file statements. If any of the following Members are present, we will hear them now.

Hon. Torbert Macdonald.

Mr. Macdonald is not here. His prepared statement will be made a part of the record at this point.

(Mr. Macdonald's statement follows:)

STATEMENT OF HON. TORBERT H. MACDONALD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

Mr. Chairman members of the subcommittee, I am happy to testify here before you today on behalf of H.R. 10607, and the other bills which have been introduced to the Congress to liberalize moving expense payments to civilian Government employees who are forced to relocate as a result of their employee relationship to the Government. The benefits proposed by these bills, one of which I introduced myself (H.R. 10452), would put the Federal Government as an employer on a par with private industry in meeting the relocation expenses of its employees. By so doing the proposals make the Government truly com-

petitive with the private sector in terms of attracting and retaining top talent.

Thus far, the administration has initiated legislation to create such "comparability" only insofar as rates of direct compensation are concerned. The legislation before you today would extend this principle to include reasonable moving expenses as well.

The original concept for this legislation comes from the Civil Service Commission's own recently conducted survey on employee moves. This study of over 5,000 Federal employees shows that every day of the year nearly 100 employees are relocated to suit the purposes of their employer, the Federal Government. Eighty-three of every hundred of these lose money on their move. The average out-of-pocket cost for each Federal employee in each case is \$560, and many persons lose over \$1,000 when they are forced to transfer. It would seem reasonable, under accepted practices of modern business, for these losses to be absorbed by the employer.

The burden of present Government practice on its employees is especially unfair under the administration's current drive for economy. Military bases and other Federal installations and facilities in my home State of Massachusetts and elsewhere around the country are being closed down in increasing numbers. While such economy may be admirable in general, although I am aware of instances where certain installations have been cut back for less than sufficient reason, it causes great hardship on those who must move home and family in order to stay employed.

The general rule of thumb contained in the bills before this committee is: to compensate employees who are forced to move from one Federal Government to another for the complete and reasonable costs of that move. Such a guideline seems to me to be realistic.

The list of benefits covered is a complete one. It includes—

(1) increasing the shipping expenses allowance to include household effects of up to 11,000 pounds, rather than 7,000, which as the present figure has proved inadequate;

(2) granting a per diem travel allowance for transportation, food and lodging not only to the employee himself but to each member of his family as well;

(3) providing for one house-hunting trip for two to the new location, a realistic and reasonable expense of moving;

(4) reimbursing the employee for any reasonable living expenses he and his family actually incur if they must take up temporary quarters until they are able to move into permanent quarters; and

(5) compensating the employee for costs attendant on actual sale of his present house or settlement of an unexpired lease, though not for loss in value of his property if such should be the case on resale.

Mr. Chairman, I am delighted also to see the men who are closest to the employer function of the Government, that is, Mr. John Macy, Chairman of the Civil Service Commission, Mr. Elmer Staats, Deputy Director of the Bureau of the Budget, as well as Mr. J. Henry Barclay, Jr. of the General Accounting Office, all here this morning before your committee to testify in favor of the proposed legislation.

This is a good bill, Mr. Chairman, one which is particularly timely in view of our commitment to the comparability principle in the pay bill which is before us now. I would hope for speedy and prompt congressional action on the proposal, and I offer my wholehearted assistance to that end.

Chairman DAWSON. Honorable Ken W. Dyal.

Honorable Morris K. Udall.

Honorable John V. Tunney.

We have Congressman Ken W. Dyal with us now, and we will call upon him at this time to state his views.

STATEMENT OF HON. KEN W. DYAL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. DYAL. Mr. Chairman, in November 1964 the Secretary of Defense announced plans to reduce or discontinue activities at some 95 locations, including 3 Air Force Air materiel areas. The Air Force

developed phase I plans for the phaseout of logistic responsibilities at Norton Air Force Base, Calif., which is in my congressional district. The Air Force has now completed plans for the second phase—I was just given these details yesterday—involving activities at Norton Air Force Base. The estimated number to be phased out for the period January through June 1966 is 1,858 of which over 1,300 are transfer positions. The phaseout will continue through 1969 and will involve further transfers.

Plans have been announced to transfer command jurisdiction of the base to the Military Air Transport Service and place additional activities at Norton Air Force Base. This will obviously involve additional civilian and military personnel transfers.

This personnel transfer activity prompted me to join my colleagues in introducing legislation to amend the Administrative Expenses Act of 1946 to provide certain monetary considerations to employees being relocated. My bill is H.R. 10325.

We cannot expect our Federal employees and their families to move or relocate when it is generally known they suffer a financial loss, yet by the transfer of well-qualified employees we can improve the efficiency in Government service.

I am confident the Subcommittee on Executive and Legislative Reorganization of the House Committee on Government Operations will give this matter its full consideration.

I would like to indicate that I am pleased with many features of the bill. One, of course, is the increase in allotment of weight from 7,000 to 11,000 pounds, which I feel is most important.

Another along with that is the third item in Mr. Macy's presentation that I am particularly concerned about this morning. For many years I was an officer in a title company in our area of California and our infrequent moving in those days of personnel from bases involved tremendous hardship. People without adequate financing and with youngsters in school were suddenly faced with title costs because of a transfer, and this presented a problem that I recognized at that time. I appreciate that under this bill we permit reimbursement of certain costs connected with real estate transactions under regulations to be established by the President. The expense of the sale of a residence of an officer or employee at the old official station and the purchase of a home at the new official station would be reimbursed on an all-expense basis, but reimbursement would not be authorized for losses on the sale of the residence.

I strongly urge the committee's favorable consideration. Thank you.

Chairman DAWSON. Are there any questions.

Thank you very much.

Our next witness is Hon. Morris K. Udall. He is not here.

John V. Tunney has asked permission to file his statement, and we will place it in the record at this point.

(Mr. Tunney's prepared statement follows:)

STATEMENT OF HON. JOHN V. TUNNEY, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF CALIFORNIA

Mr. Chairman, I want to thank the subcommittee for giving me the opportunity to appear in support of legislation designed to improve Federal employee travel, transportation, and subsistence allowances.

The passage of this legislation will reduce financial losses incurred by employees when they are transferred in the interest of the Government. A Federal employee should not be required to absorb the high cost of moving when the move primarily benefits the Government of the United States.

The proposed bill would, first, raise the current statutory limit on the weight of household goods for which reimbursement can be made. This will reduce the costs of transportation and storage of household goods by permitting the transportation of up to 11,000 pounds of household goods and personal effects, rather than 7,000 pounds.

Second, it would permit reimbursement for the travel expenses of the immediate family while en route to a new official location and round-trip travel for the employee and his spouse to seek permanent living quarters. I believe that it is only fair to permit reimbursement for such expenses as food and lodging of his family.

Third, the proposed bill would permit reimbursement for certain costs of real estate transactions in accordance with regulations to be established by the President. This allows an employee to be reimbursed for the subsistence expenses of himself and his immediate family while occupying temporary quarters. Reimbursement would be on an actual expense basis at average daily rates to be prescribed by regulation. The maximum period for which subsistence expenses could be paid would be 30 days for most employees.

Reimbursement would be authorized for the expenses of selling and buying real estate and settlement of unexpired leases when these expenses must be paid by the employee.

Fourth, the employees would receive a flat allowance to cover miscellaneous expenses of their move which is not otherwise provided for.

It is only logical and equitable that when a Federal agency transfers an employee, the agency should pay some of the costs involved in moving.

The transfer of an employee benefits the Government. Paying some of the costs of moving will help to bring talented personnel into Federal Service. It shows that the Government has an interest in the future of its employees. Automation, the closing of Federal installations are examples of the causes of periodic movement of personnel. Extensive Federal programs require career personnel to be constantly on the move throughout the Nation. To retain this skilled and trained talent we must alleviate as much financial hardship as possible. I therefore urge you to favorably report this greatly needed legislation.

STATEMENT OF HON. MORRIS K. UDALL, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF ARIZONA

Mr. Chairman and members of the subcommittee, I appreciate this opportunity to testify in support of H.R. 9800, which I introduced to provide for the reimbursement of certain moving expenses incurred by Federal employees who are transferred to new duty stations for the convenience and benefit of the Government.

Under existing law, Federal employees who move at the request of the Government from one geographic location to another must bear the unfair out-of-pocket cost of such expenses. In many instances, these employees have incurred losses ranging up to many hundreds of dollars. In fact, one of my constituents who was transferred by the Federal Aviation Agency from the East to Arizona suffered a loss of some \$800. This practice is certainly not in keeping with the best interest of the Government, and is damaging to the morale of our loyal, dedicated Federal employees.

In private industry, these expenses are defrayed by the employer, and I believe it is incumbent upon the Federal Government to reimburse those individuals who are moved because their services are required at different locations.

My bill would correct this unfair practice by authorizing the reimbursement of these moving expenses, and I strongly urge its prompt and favorable consideration.

(Whereupon, the subcommittee proceeded to other business.)

LEGISLATIVE HISTORY

Public Law 89-516

H. R. 10607

TABLE OF CONTENTS

Index and summary of H. R. 10607.	.1
Digest of Public Law 89-516	.2

THE UNIVERSITY OF CHICAGO
LIBRARY

1000 S. EAST ASIAN LIBRARY

CHICAGO, ILL. 60637

DATE OF ACQUISITION

BY

FROM

PRICE

REMARKS

DATE OF ACQUISITION

BY

FROM

PRICE

REMARKS

DATE OF ACQUISITION

BY

FROM

PRICE

REMARKS

INDEX AND SUMMARY OF H. R. 10607

Aug. 6, 1965	Sen. Scott introduced and discussed S. 2374 which was referred to the Senate Government Operations Committee. Remarks of author and print of bill.
Aug. 23, 1965	Rep. Rosenthal introduced H. R. 10607 which was referred to House Government Operations Committee. Print of bill as introduced.
Sept. 21, 1965	House subcommittee approved H. R. 10607.
Oct. 13, 1965	House committee voted to report H. R. 10607.
Oct. 21, 1965	House committee reported H. R. 10607 with amendments. H. Report 1199. Print of bill and report.
Mar. 17, 1966	House Rules Committee granted an open rule on H. R. 10607.
Mar. 21, 1966	House Rules Committee reported resolution for consideration of H. R. 10607. H. Res. 781. H. Report 1341. Print of resolution and report.
Mar. 23, 1966	House passed H. R. 10607 as reported.
Mar. 25, 1966	H. R. 10607 was referred to Senate Government Operations Committee. Print of bill as referred.
June 15, 1966	Sen. Scott submitted a proposed amendment.
June 29, 1966	Senate committee voted to report H. R. 10607.
June 30, 1966	Senate committee reported H. R. 10607 without amendment. S. Report 1357. Print of bill and report.
July 11, 1966	Senate passed H. R. 10607 without amendment.
July 21, 1966	Approved: Public Law 89-516.

Hearing: H. Government Operations Committee
on H. R. 10607

DIGEST OF PUBLIC LAW 89-516

AMENDMENTS TO ADMINISTRATIVE EXPENSES ACT OF 1946.

Amends the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving and storage expenses of Federal employees when transferred from one official duty station to another. Provides for payment of a cash allowance up to \$632 to cover miscellaneous expenses; one round trip to the new location for the employee and his family, and subsistence while enroute to the new station. Increases the weight limitation allowed for shipment of household goods from 7,000 to 11,000 pounds for each family. Allows payment of certain real estate transactions resulting from the employees' sale or purchase of residence, or lease settlement of rented quarters, and for storing of an employee's household goods in certain areas where housing is in short supply or not immediately available.

89TH CONGRESS
1ST SESSION

S. 2374

IN THE SENATE OF THE UNITED STATES

AUGUST 6, 1965

Mr. SCOTT introduced the following bill; which was read twice and referred to the Committee on Government Operations

A BILL

To amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) subsection (a) of section 1 of the Administrative
4 Expenses Act of 1946 (60 Stat. 806, as amended; 5 U.S.C.
5 73b-1 (a)), is amended by—

6 (1) striking the words “the Act of February 14,
7 1931” appearing in the first parentheses contained
8 therein and inserting in lieu thereof “section 4 of the

1 Travel Expense Act of 1949 (63 Stat. 166, as amended;
2 5 U.S.C. 837) ”;

3 (2) striking the word “seven” appearing in the
4 second parentheses contained therein and inserting in
5 lieu thereof the word “eleven”;

6 (3) striking out of the first proviso contained therein
7 the words “the Subsistence Expense Act of 1926 (5
8 U.S.C. 828) ” and inserting in lieu thereof the words
9 “section 5 of the Travel Expense Act of 1949 (63 Stat.
10 166, as amended; 5 U.S.C. 838) ”.

11 (b) Subsection (b) of section 1 of the Administrative
12 Expenses Act of 1946 (60 Stat. 807, as amended; 5 U.S.C.
13 73b-1 (b)), is amended by adding the following words
14 immediately before the period at the end of the first sentence
15 in the subsection “, except that payment of actual expenses
16 may be made whenever, under regulations prescribed by the
17 President, the head of the agency determines that such
18 method of payment is more economical to the Government.”

19 SEC. 2. The Administrative Expenses Act of 1946 (60
20 Stat. 806) , as amended, is further amended by adding the
21 following new sections:

22 “SEC. 23. Under such regulations as the President may
23 prescribe and to the extent deemed necessary and appro-
24 priate, as provided therein, appropriations or other funds
25 available to the department for administrative expenses shall

1 be available for the reimbursement of all or part of the fol-
2 lowing expenses of officers or employees for whom the Gov-
3 ernment pays expenses of travel and transportation under
4 subsection (a) of section 1 of this Act:

5 “(1) The expenses of per diem allowance in lieu
6 of the subsistence expenses of the immediate family of
7 the officer or employee while en route between his old
8 and new official stations, not in excess of the maximum
9 per diem rates prescribed in or pursuant to section 3 of
10 the Travel Expense Act of 1949 (63 Stat. 166, as
11 amended; 5 U.S.C. 836).

12 “(2) The expenses of per diem allowance in lieu of
13 subsistence of the officer or employee and his spouse, not
14 in excess of the maximum per diem rates prescribed in
15 the Travel Expense Act of 1949 (63 Stat. 166, as
16 amended; 5 U.S.C. 836), and the expenses of transpor-
17 tation to seek permanent residence quarters at a new
18 official station when both the old and the new stations
19 are located within the continental United States, exclud-
20 ing Alaska.

21 “(3) The subsistence expenses of the officer or em-
22 ployee and his immediate family for a period of thirty
23 days while occupying temporary quarters when the new
24 official station is located within the United States (in-
25 cluding the District of Columbia), its territories and pos-

1 sessions, the Commonwealth of Puerto Rico, and the
2 Canal Zone provided that the period of residence in tem-
3 porary quarters may be extended for an additional thirty
4 days when the officer or employee moves to or from
5 Hawaii, Alaska, the territories and possessions, the Com-
6 monwealth of Puerto Rico, and the Canal Zone, except
7 that reimbursement for subsistence expenses actually in-
8 curred may not exceed an amount determined from such
9 average daily rates per person as may be prescribed in
10 such regulations, but not in excess of the maximum per
11 diem rates prescribed in or pursuant to section 3 of the
12 Travel Expense Act of 1949 (63 Stat. 166, as amended;
13 5 U.S.C. 836), for the localities in which the temporary
14 quarters are located.

15 “(4) The expenses of the sale of the residence (or
16 the settlement of an unexpired lease) of the officer or
17 employee at the old official station and purchase of a
18 home at the new official station required to be paid by
19 him when the old and new official stations are located
20 within the United States (including the District of
21 Columbia), its territories and possessions, the Com-
22 monwealth of Puerto Rico, and the Canal Zone, but no
23 reimbursement shall be made for losses on the sale of the
24 residence. This provision applies regardless of whether
25 the title to the residence or the unexpired lease, is in

the name of the officer or employee alone, in the joint names of the officer or employee and a member of his immediate family or in the name of a member of his immediate family alone.

“SEC. 24. Under such regulations as the President may prescribe and notwithstanding other reimbursement authorized under this Act, an officer or employee who is reimbursed under section 1 (a) or section 23 of this Act shall, if he has an immediate family, receive an amount equal to two weeks’ basic compensation, or, if he does not have an immediate family, an amount equal to one week’s basic compensation.

“SEC. 25. Under such regulations as the President may prescribe—

“(a) Whenever any civilian officer or employee (including any new appointee in accordance with section 7 (b) of this Act, as amended) is assigned to a permanent duty station at an isolated location in the continental United States, excluding Alaska, to which he cannot take or at which he is unable to use his household goods and personal effects because of the absence of residence quarters at such location, nontemporary storage expenses or storage at Government expense in Government-owned facilities (including related transportation

1 and other expenses) , whichever is more economical, may
2 be allowed such officer or employee under regulations
3 issued by the head of the executive department or
4 agency concerned. In no instance shall the weight of
5 the property stored under this subsection, together with
6 the weight transported under section 1 or section 7 (b)
7 of this Act, exceed the total maximum weight the officer
8 or employee would be entitled to have moved, and the
9 period of nontemporary storage shall not exceed three
10 years.

11 “(b) This section does not authorize reimbursement
12 to officers and employees traveling under orders issued
13 more than sixty days prior to the effective date of this
14 section.

15 “SEC. 26. Under such regulations as the President may
16 prescribe and notwithstanding the provisions of the fourth
17 proviso of section 1 (a) of this Act, in transfers between de-
18 partments for reasons of reduction in force or transfer of
19 function, expenses authorized under section 1, subsections
20 (a) and (b), and subsections (e) and (f) other than ex-
21 penses authorized in connection with transfers to foreign
22 countries, and under sections 23 and 24 of this Act may
23 be paid in whole or in part by the department from which
24 the officer or employee is transferred or by the department

1 to which he is transferred, as may be agreed upon by the
2 heads of the departments concerned.

3 “SEC. 27. Under such regulations as the President may
4 prescribe, a former officer or employee separated by reason
5 of reduction in force or transfer of function who is reem-
6 ployed within six months of the date of such separation by
7 a nontemporary appointment at a different geographical
8 location from that where such separation occurred may be
9 allowed and paid the expenses authorized by section 1 of
10 this Act, and may receive the benefits authorized by sec-
11 tions 23 and 24 of this Act, in the same manner as though
12 he had been transferred to the location of reemployment
13 from the location where separated in the interest of the
14 Government without a break in service.”

15 SEC. 3. Regulations under this Act shall be prescribed
16 within ninety days following the date of enactment but shall
17 be retroactive to January 4, 1965.

A BILL

To amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

By Mr. Scott

AUGUST 6, 1965

Read twice and referred to the Committee on
Government Operations

By Mr. INOUE:

S. 2371. A bill for the relief of Teofilo Cardenas; to the Committee on the Judiciary.

By Mr. HARTKE:

S. 2372. A bill to amend chapter 15 of title 38, United States Code, to provide for the payment of pensions of World War I veterans and their widows; and

S. 2373. A bill to provide that the President shall not grant exemption from the interest equalization tax to foreign countries which violate their treaty obligations with respect to private investments in such country by U.S. citizens; to the Committee on Finance.

(See the remarks of Mr. HARTKE when he introduced the above bills, which appear under separate headings.)

By Mr. SCOTT:

S. 2374. A bill to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States; to the Committee on Government Operations.

(See the remarks of Mr. SCOTT when he introduced the above bill, which appear under a separate heading.)

By Mr. HART:

S. 2375. A bill to waive certain limitations upon claims under Public Law 88-519 (78 Stat. 699); to the Committee on the Judiciary.

PENSIONS FOR WORLD WAR I VETERANS

Mr. HARTKE. Mr. President, I introduce, for appropriate reference, a bill to provide for the payment of pensions to World War I veterans and their widows. The present bill, with some minor technical amendments, is the same as that which I introduced in the 88th Congress as S. 1918—a number which seemed most fortuitous for such a bill, but which did not receive action despite the apparent good omen of its number.

The proposal sets a requirement of 90 days of service or more during World War I for eligibility, or shorter service if it culminated in discharge or release for service-connected disability. A World War I veteran would receive \$100 per month if unmarried and with less than \$2,400 annual income; or if married and with less than \$3,600 income. If the veteran is helpless or blind, or requires the regular aid or attendance of another person, he would receive an additional sum not less than \$70 per month.

There is also provision for widows of World War I veterans at the rate of \$75 per month. But to qualify the widow must have married the veteran before December 14, 1944, or have been married to him for at least 5 years before his death, or be the mother of a child born to them.

Mr. President, each year our World War I veterans are growing older, and their ranks and those of their widows are growing thinner. A man who was only 18 when the war ended will be at the retirement age of 65 this year. Those who were 28 then are 75, if they are still living. For them there was no GI bill of rights as there was for the World War II veteran and the veteran of Korea, and as there will be when action is completed on the cold war GI bill we have already passed in the Senate. Great

numbers of these men were drafted, and others by the thousands volunteered in a time both of need and of danger.

These men are becoming rapidly the forgotten heroes of long ago, yet they are still living and many of them are in need of the kind of benefits this bill would give, if only to put them on some kind of closer degree of parity with those who have in more recent times served us similarly.

As I have noted, this is not the first time I have introduced such a bill as this. I do not know what its number will be in this Congress, but even though it will not be S. 1918, we still must recall, under whatever number, those who served us loyally in 1918, and even at this late date give them belated recognition as this bill will do.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 2372) to amend chapter 15 of title 38, United States Code, to provide for the payment of pensions of World War I veterans and their widows, introduced by Mr. HARTKE, was received, read twice by its title, and referred to the Committee on Finance.

TWO-YEAR EXTENSION OF INTEREST EQUALIZATION TAX

Mr. HARTKE. Mr. President, I introduce, for appropriate reference, a bill as an amendment to H.R. 4750, a bill to provide a 2-year extension of the interest equalization tax. My amendment provides that the President should not grant an exemption from the interest equalization tax to any foreign country which violates its treaty obligations with the United States, particularly those treaty obligations relating to private investments in such country by U.S. citizens. The United States does not place restrictions on foreign corporations operating in the United States. We have signed treaties of friendship, commerce and navigation with a number of countries which have agreed to treat U.S. business as favorably as they treat businesses operated by their own citizens. My bill provides that if a country does not honor its treaty obligations, the U.S. Government should not grant them the special concession of exempting them from the interest equalization tax.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 2373) to provide that the President shall not grant exemption from the interest equalization tax to foreign countries which violate their treaty obligations with respect to private investments in such country by U.S. citizens, introduced by Mr. HARTKE, was received, read twice by its title, and referred to the Committee on Finance.

ASSISTANCE FOR CERTAIN EMPLOYEES FOR LOSSES CAUSED BY CLOSING OF MILITARY INSTALLATIONS

Mr. SCOTT. Mr. President, I introduce, for appropriate reference, a bill to

alleviate some of the hardships imposed upon so many Federal employees by the closing of military installations, such as Olmsted Air Force Base in Pennsylvania. This legislation would increase the allowance for moving expenses of employees transferred to other Federal employment.

All across our country Americans are being uprooted by the Defense Department's closing of such installations. Their lives are almost totally disrupted. Many face protracted unemployment. Families are being forced to sell their homes in a declining real estate market, and many must be temporarily split up. Studies have shown that most Federal employees lose money when they move even when the circumstances are more favorable.

That is why I have introduced this companion measure to H.R. 8814, introduced in the other body by Representative JOHN C. KUNKEL.

The bill would increase the weight limit on shipment of household goods, reimburse some of the costs of selling a home and buying a new one, and provide for expenses such as food and lodging for the worker and his immediate family while en route to a new job, round trip travel for house-hunting, storage of furnishings if they cannot be used, and temporary quarters if necessary. There would also be a flat allowance for miscellaneous costs.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 2374) to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty station within the continental United States, introduced by Mr. SCOTT, was received, read twice by its title, and referred to the Committee on Government Operations.

NOTICE OF RECEIPT OF NOMINATION BY COMMITTEE ON FOREIGN RELATIONS

Mr. MANSFIELD. Mr. President, on behalf of the chairman of the Committee on Foreign Relations, I desire to announce that on yesterday the Senate received the nomination of Robert W. Akers to be a Deputy Director of USIA.

In accordance with the rule this present nomination may not be considered prior to the expiration of 6 days of its receipt in the Senate.

NOTICE OF PUBLIC HEARINGS ON CIVIL SERVICE RETIREMENT ANNUITY ADJUSTMENTS

Mr. YARBOROUGH. Mr. President, as the ranking member of the Subcommittee on Retirement of the Committee on Post Office and Civil Service, I wish to announce that the subcommittee will hold public hearings on H.R. 8469, a bill to provide certain increases in annuities payable from the civil service re-

tirement and disability fund, and for other purposes. The hearings will be held on Thursday and Friday, August 12 and 13, at 10 a.m., in room 6202, New Senate Office Building.

The subcommittee consists of the Senator from Wyoming [Mr. McGEE] as chairman, the Senator from West Virginia [Mr. RANDOLPH], the Senator from South Carolina [Mr. RUSSELL], the Senator from Hawaii [Mr. FONG], the Senator from Delaware [Mr. BOGGS], and myself.

Anyone wishing to testify on this proposal should arrange to do so by calling the committee staff, telephone 225-5451.

POPULATION HEARINGS SCHEDULED AUGUST 10 AND 11 BY FOREIGN AID EXPENDITURES SUBCOMMITTEE

Mr. GRUENING. Mr. President, the Senate Government Operations Subcommittee on Foreign Aid Expenditures will hold public hearings on S. 1676 this coming Tuesday and Wednesday in room 3302, New Senate Office Building. The hearings will start at 10 a.m.

Hearing witnesses Tuesday are Secretary of the Interior Stewart L. Udall, who will discuss the effects of the population explosion on our resources; the junior Senator from Colorado [Mr. DOMINICK]; Dr. Alan Guttmacher, president of the Planned Parenthood—World Population; and Dr. Ernest L. Solomon, of Highland Park, Ill., obstetrician and gynecologist, representing the Commission on Social Action of Reform Judaism of the Union of American Hebrew Congregations and the Central Conference of American Rabbis.

The following day, Wednesday, August 11, the subcommittee has invited witnesses from the District of Columbia to tell the District's story, and to describe the effective steps being taken to help solve the population explosion. I am pleased to announce that Commissioner Walter Tobriner has accepted the subcommittee's invitation to attend the hearing. Commissioner Tobriner will bring with him Dr. Murray Grant, director of the Department of Public Health in the District.

To round out the District story the subcommittee has invited Mrs. Fred A. Schumacher, executive director of the Planned Parenthood Federation of Metropolitan Washington, D.C., to describe the work of the private organization.

NOTICE OF HEARING ON THAILAND TAX CONVENTION

Mr. MANSFIELD. Mr. President, on behalf of Senator ALBERT GORE, the chairman of the Subcommittee on Tax Conventions of the Committee on Foreign Relations, I wish to announce that the subcommittee will hold a public hearing in room 4221 of the New Senate Office Building at 10 a.m., Wednesday, August 11, to receive testimony from Government witnesses on the Income Tax Convention between the United States and Thailand—Executive E, 89th Congress, 1st session—which was signed at Bangkok on March 1, 1965.

It is anticipated that additional hearings on this and other tax conventions will be scheduled at a later date to receive testimony from public witnesses. In the meantime, however, all interested persons who wish to testify on these conventions should communicate with the clerk of the Committee on Foreign Relations without delay.

THE CALENDAR

On request of Mr. MANSFIELD, the following calendar measures were considered and acted upon, and excerpts from the reports were ordered printed in the RECORD, as indicated:

AMENDMENT OF FEDERAL RESERVE ACT

The bill (S. 1559) to amend the Federal Reserve Act in order to enable the Federal Reserve banks to extend credit to member banks and others in accordance with current economic conditions, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following new section is inserted in the Federal Reserve Act immediately preceding section 14:

"SEC. 13A. (a) Any Federal Reserve bank may make advances to any of its member banks on the time or demand notes of such banks secured to the satisfaction of such Federal Reserve bank, subject to such limitations, restrictions, and regulations as the Board of Governors of the Federal Reserve System may prescribe.

"(b) In making advances pursuant to this section, each Federal Reserve bank shall give due regard to the maintenance of sound credit conditions and the accommodation of commerce, industry, and agriculture. Each Federal Reserve bank shall keep itself informed of the general character and amount of the loans and investments of its member banks with a view to ascertaining whether undue or inappropriate use is being made of bank credit for the speculative carrying of or trading in securities, real estate, or commodities, or for any other purpose inconsistent with the maintenance of sound credit conditions; and, in determining whether to grant or refuse advances, the Federal Reserve bank shall give consideration to such information. Whenever the Board of Governors of the Federal Reserve System, in the light of any reports made to it by a Federal Reserve bank, determines that any member bank is making such undue or inappropriate use of bank credit, the Board may, in its discretion, after reasonable notice and an opportunity for a hearing, suspend such bank from the use of the credit facilities of the Federal Reserve System and may terminate such suspension or may renew it from time to time.

"(c) Any Federal Reserve bank may make advances to any individual, partnership, or corporation, on its promissory notes, secured by direct obligations of the United States, subject to such limitations, restrictions, and regulations as the Board of Governors of the Federal Reserve System may prescribe."

SEC. 2. The following provisions of the Federal Reserve Act are hereby repealed: section 10(a) (12 U.S.C. 347a); section 10(b) (12 U.S.C. 347b); section 11(b) (12 U.S.C. 248(b)); the second, third, fourth, fifth, sixth, eighth, tenth, and thirteenth para-

graphs of section 13 (12 U.S.C. 343, 344, 345, 346, 347, 361, 347c); section 13a (12 U.S.C. 348-352); and the last sentence of the third paragraph of section 24 (12 U.S.C. 371).

SEC. 3. The eighth paragraph of section 4 of the Federal Reserve Act (12 U.S.C. 301) is amended to read as follows:

"Said board of directors shall administer the affairs of said bank fairly and impartially and without discrimination in favor of or against any member bank or banks."

SEC. 4. The thirteenth paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 330) is amended by changing the colon after the words "member banks" in the second sentence to a period and by striking out, commencing with the words "Provided, however," the remainder of the paragraph.

SEC. 5. In the last sentence of section 11(c) of the Federal Reserve Act (12 U.S.C. 248(c)) the words "and discount fixed by the Board of Governors of the Federal Reserve System" are changed to read "charged by the Reserve bank on advances under section 13A(a) of this Act".

SEC. 6. In the last sentence of section 11(m) of the Federal Reserve Act (12 U.S.C. 248(m)) the words "of all rediscount privileges at Federal Reserve banks" are changed to read "from the use of the credit facilities of the Federal Reserve banks."

SEC. 7. In the second paragraph of section 12 of the Federal Reserve Act (12 U.S.C. 262) the words "discount rates, rediscount business" are changed to read "advances under section 13A of this Act, rates of interest charged by the Federal Reserve banks on such advances".

SEC. 8. The first paragraph of section 14 of the Federal Reserve Act (12 U.S.C. 353) is amended to read as follows:

"Any Federal Reserve bank may, subject to the regulations of the Federal Open Market Committee, purchase and sell in the open market, at home or abroad, either from or to domestic or foreign banks, firms, corporations, or individuals, cable transfers, bankers' acceptances, and bills of exchange, with or without the indorsement of a member bank."

SEC. 9. Section 14(c) of the Federal Reserve Act (12 U.S.C. 356) is amended by striking out the words "arising out of commercial transactions, as hereinbefore defined".

SEC. 10. Section 14(d) of the Federal Reserve Act (12 U.S.C. 357) is amended to read as follows:

"(d) To establish from time to time, subject to review and determination of the Board of Governors of the Federal Reserve System, (1) rates of interest to be charged by the Federal Reserve bank on advances under section 13A(a) of this Act, which shall be fixed with a view of accommodating commerce, business, and agriculture, and of maintaining sound credit conditions; and different rates may be fixed for different classes of paper or according to such other basis or bases as may be deemed necessary in order to accomplish such purposes; but each such bank shall establish such rates every fourteen days, or oftener if deemed necessary by the Board; and (2) rates of interest to be charged by the Federal Reserve bank on advances under section 13A(c) of this Act;"

SEC. 11. The second paragraph of section 16 of the Federal Reserve Act (12 U.S.C. 412) is amended by striking out the third sentence and substituting therefor the following: "The collateral security thus offered shall be notes of member banks or others acquired under the provisions of section 13A of this Act, or bills of exchange or bankers' acceptances purchased under section 14 of this Act, or gold certificates, or direct obligations of the United States."

SEC. 12. The second sentence of the ninth paragraph of section 19 of the Federal Reserve Act (12 U.S.C. 463) is amended by changing the word "discounts" in such sentence to read "advances".

89TH CONGRESS
1ST SESSION

H. R. 10607

IN THE HOUSE OF REPRESENTATIVES

AUGUST 23, 1965

MR. ROSENTHAL introduced the following bill; which was referred to the Committee on Government Operations

A BILL

To amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) subsection (a) of section 1 of the Administrative
4 Expenses Act of 1946 (60 Stat. 806, as amended; 5 U.S.C.
5 73b-1 (a)), is amended by—

6 (1) striking the words “the Act of February 14,
7 1931” appearing in the first parentheses contained there-

1 in, and inserting in lieu thereof “section 4 of the Travel
2 Expense Act of 1949 (63 Stat. 166, as amended; 5
3 U.S.C. 837) ”;

4 (2) striking the word “seven” appearing in the
5 second parentheses contained therein, and inserting in
6 lieu thereof the word “eleven”;

7 (3) striking out of the first proviso contained there-
8 in the words “the Subsistence Expense Act of 1926 (5
9 U.S.C. 828) ” and inserting in lieu thereof the words
10 “section 5 of the Travel Expense Act of 1949 (63
11 Stat. 166, as amended; 5 U.S.C. 838) ”.

12 (b) Subsection (b) of section 1 of the Administrative
13 Expenses Act of 1946 (60 Stat. 807, as amended; 5 U.S.C.
14 73b-1 (b)), is amended by adding the following words
15 immediately before the period at the end of the first sentence
16 in the subsection “, except that payment of actual expenses
17 may be made whenever, under regulations prescribed by
18 the President, the head of the agency determines that such
19 method of payment is more economical to the Government.”

20 SEC. 2. The Administrative Expenses Act of 1946 (60
21 Stat. 806), as amended, is further amended by adding the
22 following new sections:

23 “SEC. 23. Under such regulations as the President may
24 prescribe and to the extent deemed necessary and appro-
25 priate, as provided therein, appropriations or other funds

1 available to the departments for administrative expenses
2 shall be available for the reimbursement of all or part of the
3 following expenses of officers or employees for whom the
4 Government pays expenses of travel and transportation under
5 subsection (a) of section 1 of this Act:

6 “(1) The expenses of per diem allowance in lieu of the
7 subsistence expenses of the immediate family of the officer
8 or employee while en route between his old and new official
9 stations, not in excess of the maximum per diem rates pre-
10 scribed in or pursuant to section 3 of the Travel Expense
11 Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 836).

12 “(2) The expenses of per diem allowance in lieu of sub-
13 sistence of the officer or employee and his spouse, not in
14 excess of the maximum per diem rates prescribed in the
15 Travel Expense Act of 1949 (63 Stat. 166, as amended;
16 5 U.S.C. 836), and the expenses of transportation to seek
17 permanent residence quarters at a new official station when
18 both the old and new stations are located within the conti-
19 nental United States, excluding Alaska, provided that such
20 expenses may be allowed only for one round trip in connec-
21 tion with each change of station of the officer or employee.

22 “(3) The subsistence expenses of the officer or em-
23 ployee and his immediate family for a period of thirty days
24 while occupying temporary quarters when the new official
25 station is located within the United States (including the

1 District of Columbia, its territories and possessions, the
2 Commonwealth of Puerto Rico, and the Canal Zone: *Pro-*
3 *vided*, That the period of residence in temporary quarters
4 may be extended for an additional thirty days when the
5 officer or employee moves to or from Hawaii, Alaska, the
6 territories and possessions, the Commonwealth of Puerto
7 Rico, and the Canal Zone, except that reimbursement for
8 subsistence expenses actually incurred may not exceed an
9 amount determined from such average daily rates per person
10 as may be prescribed in such regulations, but not in excess of
11 the maximum per diem rates prescribed in or pursuant to
12 section 3 of the Travel Expense Act of 1949 (63 Stat. 166,
13 as amended; 5 U.S.C. 836), for the localities in which the
14 temporary quarters are located, for the first ten days of such
15 period, two-thirds of such rates for the second ten days, and
16 one-half for the balance of such period, including the addi-
17 tional thirty days.

18 “(4) The expenses of the sale of the residence (or the
19 settlement of an unexpired lease) of the officer or employee
20 at the old official station and purchase of a home at the new
21 official station required to be paid by him when the old and
22 new official stations are located within the United States
23 (including the District of Columbia), its territories and pos-
24 sessions, the Commonwealth of Puerto Rico, and the Canal
25 Zone, but reimbursement for brokerage fees on the sale of the

1 residence shall not exceed such fees as are customarily
2 charged in the locality where the residence is located and no
3 reimbursement shall be made for losses on the sale of the
4 residence. This provision applies regardless of whether the
5 title to the residence or the unexpired lease is in the name
6 of the officer or employee alone, in the joint names of the
7 officer or employee and a member of his immediate family,
8 or in the name of a member of his immediate family alone.

9 “SEC. 24. Under such regulations as the President may
10 prescribe and to the extent deemed necessary and appro-
11 priate, as provided therein, and notwithstanding other reim-
12 bursement authorized under this Act, an officer or employee
13 who is reimbursed under section 1 (a) or section 23 of this
14 Act shall, if he has an immediate family, receive an amount
15 equal to two weeks' basic compensation, or, if he does not
16 have an immediate family, an amount equal to one week's
17 basic compensation: *Provided*, That such amounts shall not
18 exceed amounts determined from the maximum rate of grade
19 GS-13 in the General Schedule of the Classification Act of
20 1949, as amended.

21 “SEC. 25. Under such regulations as the President may
22 prescribe—

23 “(a) Whenever any civilian officer or employee (in-
24 cluding any new appointee in accordance with section 7 (b)

1 of this Act, as amended) is assigned to a permanent duty
2 station at an isolated location in the continental United
3 States, excluding Alaska, to which he cannot take or at
4 which he is unable to use his household goods and personal
5 effects because of the absence of residence quarters at such
6 location, nontemporary storage expenses or storage at Gov-
7 ernment expense in Government-owned facilities (including
8 related transportation and other expenses), whichever is
9 more economical, may be allowed such officer or employee
10 under regulations issued by the head of the Executive De-
11 partment or agency concerned. In no instance shall the
12 weight of the property stored under this subsection, together
13 with the weight transported under section 1 or section 7 (b)
14 of this Act, exceed the total maximum weight the officer or
15 employee would be entitled to have moved, and the period of
16 nontemporary storage shall not exceed three years.

17 “(b) This section does not authorize reimbursement to
18 officers and employees traveling under orders issued more
19 than sixty days prior to the effective date of this section.

20 “SEC. 26. Under such regulations as the President may
21 prescribe and notwithstanding the provisions of the fourth
22 proviso of section 1 (a) of this Act, in transfers between de-
23 partments for reasons of reduction in force or transfer of
24 function, expenses authorized under section 1, subsections
25 (a) and (b) and subsections (e) and (f) other than ex-

1 penses authorized in connection with transfers to foreign
2 countries, and under sections 23 and 24 of this Act may be
3 paid in whole or in part by the department from which the
4 officer or employee is transferred or by the department to
5 which he is transferred, as may be agreed upon by the heads
6 of the departments concerned.

7 “SEC. 27. Under such regulations as the President may
8 prescribe, a former officer or employee separated by reason
9 of reduction in force or transfer of function who is reem-
10 ployed within six months of the date of such separation by a
11 nontemporary appointment at a different geographical loca-
12 tion from that where such separation occurred may be al-
13 lowed and paid the expenses authorized by section 1 of this
14 Act, and may receive the benefits authorized by sections
15 23 and 24 of this Act, in the same manner as though he had
16 been transferred to the location of reemployment from the
17 location where separated in the interest of the Government
18 without a break in service.

19 “SEC. 28. Notwithstanding the provisions of subsections
20 (a) and (b) of section 1, and of sections 23, 24, 25, and 27
21 of this Act, the travel and transportation expenses, including
22 storage of household goods and personal effects, and other
23 relocation allowances shall not be allowed thereunder when
24 a civilian officer or employee is transferred within the con-
25 tinental United States, excluding Alaska, unless and until

1 such officer or employee shall agree in writing to remain in
2 the Government service for twelve months following his
3 transfer, unless separated for reasons beyond his control and
4 acceptable to the department or agency concerned. In case
5 of violation of such agreement, any moneys expended by the
6 United States under said sections of this Act on account of
7 such officer or employee shall be recoverable from him as a
8 debt due the United States.”

9 SEC. 3. Regulations under this Act shall be prescribed
10 within ninety days following the date of enactment but shall
11 be retroactive to such date.

89TH CONGRESS
1ST SESSION

H. R. 10607

A BILL

To amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

By Mr. ROSENTHAL,

AUGUST 23, 1965

Referred to the Committee on Government Operations

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
INFORMATION ONLY;
TO BE QUOTED OR CITED)

Issued Sept. 22, 1965
For actions of Sept. 21, 1965
89th-1st; No. 174

CONTENTS

Animal research.....27	Highways.....23	Research.....27,28
Appropriations.....14	Information.....28	Rivers and harbors.....3
CCC.....14	Legal aid.....13	Roads.....11
Conservation.....25	Legislative program...12	Station transfers.....9
Data processing.....22	Life insurance.....26	Sugar.....1
Economics.....7	Livestock.....20	Travel.....5
Education.....19	Milk.....14	Veterans' affairs.....17
Electrification.....10	Packers and stockyards.20	Water pollution.....2
Elmer Thomas.....6	Personnel.....8,9,16,26	Watersheds.....4
Farm labor.....21	Public works.....24	
Flood control.....3	Recreation.....18	

HIGHLIGHTS: Both Houses agreed to conference report on water pollution bill. House committee reported sugar bill.

HOUSE

1. SUGAR. The Agriculture Committee reported with amendment H. R. 11135, to amend the Sugar Act (H. Rept. 1046). p. 23759
2. WATER POLLUTION. Both Houses agreed to the conference report on S. 4, the proposed Water Quality Act of 1965, to establish the Federal Water Pollution Control Administration, to provide grants for research and development, to increase grants for municipal sewage treatment works, to authorize establishment of water-quality standards, etc. This bill will now be sent to the President. pp. 23670-1, 23694-700
3. RIVERS-HARBORS; FLOOD CONTROL. Began debate on S. 2300, the rivers-and-harbors and flood-control bill. pp. 23700-842

4. WATERSHEDS. Received from the Budget Bureau plans for watershed projects as follows: Zeigler Creek, Nebr.; Elko, Nev.; Swan Quarter, N. C.; Frogville Creek, Okla.; Chocolate, Little Chocolate, and Lynn Bayou, Tex.; to Agriculture Committee. Bayou Boeuf, La.; Mauch Chunk Creek, Pa.; Middle Creek, Pa.; and Oil Creek, Pa.; to Public Works Committee. p. 23758
5. TRAVEL. Passed without amendment S. J. Res. 98, to continue through 1966 the period for promotion of travel in the U. S. This measure will now be sent to the President. pp. 23689-90
6. ELMER THOMAS. Rep. Johnson, Okla., spoke in memory of Elmer Thomas, late Chairman of the Senate Agriculture and Forestry Committee. pp. 23690-1
7. ECONOMICS. Rep. Patman commended the President's economic policies. pp. 23743-4
8. PERSONNEL. Rep. Beckworth commended the Civil Service Commission's plans for assurance that summer employees will be selected on a merit basis and with a broader geographical distribution. pp. 23754-5
9. STATION TRANSFERS. The Executive and Legislative Reorganization Subcommittee of the Government Operations Committee approved H. R. 10607, amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental U. S. p. D947
10. ELECTRIFICATION. The Subcommittee on Communications and Power of the Interstate and Foreign Commerce Committee approved S. 1459, amended, to exempt REA cooperatives from Federal Power Commission jurisdiction. p. D947
11. ROADS. The Public Works Committee voted to report (but did not actually report) S. 2084, amended, to provide for scenic development and road beautification of the Federal-aid highway systems. p. D947
12. LEGISLATIVE PROGRAM. The Daily Digest states that the House will today consider the rivers-harbors bill, the HemisFair bill, and the Dade County Center bill. p. D946

SENATE

13. LEGAL AID. Passed as reported S. 1758, to provide for the right of persons to be represented by attorneys in matters before Federal agencies. pp. 23627-36
14. DEFENSE DEPARTMENT APPROPRIATION BILL. Agreed to the conference report on this bill, H. R. 9221, which includes a provision authorizing the Defense Department to purchase milk for enlisted personnel which was previously furnished without charge by CCC. This bill will now be sent to the President. pp. 23674-82
15. MILITARY CONSTRUCTION APPROPRIATION BILL. Agreed to the conference report on this bill, H. R. 10323, which includes funds to repay CCC for certain family housing projects financed from foreign currencies. This bill will now be sent to the President. pp. 23682-86
16. PERSONNEL. A subcommittee of the Post Office and Civil Service Committee voted to report to the full committee S. 1769 and H. R. 6165, which give department heads discretion as to whether to appoint women. p. D945

Back Swamp (Representative Lennon and departmental witnesses).

Williams Creek, Tex. (Representative Fisher and a departmental witness).

Beardsley, Calif. (Representative Teague of California, departmental and public witnesses).

Revolon, Calif. (Representative Teague of California, departmental and public witnesses).

Blue Eye Creek, Ala. (Representative Andrews of Alabama and departmental witnesses).

Econdido Creek, Tex. (departmental witnesses).

NEAR EAST BRIEFING

Committee on Foreign Affairs: Subcommittee on the Near East met in executive session for a briefing by Lucius D. Battle, U.S. Ambassador to the United Arab Republic.

INTERNATIONAL TOLL BRIDGE

Committee on Foreign Affairs: Met in executive session and ordered reported favorably to the House the following bills:

H.R. 10779 (amended), to authorize the construction, maintenance, and operation of an international toll bridge at Pharr, Tex.; and

S.J. Res. 106, to allow the showing in the United States of the U.S. Information Agency film—"John F. Kennedy—Years of Lightning, Day of Drums."

ADMINISTRATIVE EXPENSES ACT

Committee on Government Operations: Subcommittee on Executive and Legislative Reorganization met in executive session and approved for full committee action H.R. 10607 (amended), to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental U.S.

Prior to the executive session, the subcommittee met in an open session on career development training of civil service personnel. Testimony was heard from John W. Macy, Jr., Chairman, Civil Service Commission.

FEDERAL POWER ACT

Committee on Interstate and Foreign Commerce: Subcommittee on Communications and Power met in executive session and approved for full committee action S. 1459 (amended), to amend the Federal Power Act, as amended, in respect of the jurisdiction of the Federal Power Commission over cooperatives financed by the Rural Electrification Administration.

DISTRICT COURTS

Committee on the Judiciary: Met in executive session and ordered reported favorably to the House several

private immigration and claims bills. Also ordered reported favorably to the House the following bills:

H.R. 1781, to amend section 113(a) of title 28, U.S. Code, to provide that Federal District Court for the Eastern District of North Carolina shall be held at Clinton;

H.R. 2653, to provide that the U.S. District Court for the District of Connecticut shall also be held at New London, Conn.;

H.R. 8317 (amended), to amend section 116 of title 28, U.S. Code, relating to the U.S. District Court for the Eastern and Western Districts of Oklahoma;

S. 1620 (amended), to consolidate the two judicial districts of the State of South Carolina into a single judicial district and to make suitable transitional provisions with respect thereto; and

S. 2273, to render immune from seizure under judicial process certain objects of cultural significance imported into the U.S. for temporary display or exhibition.

WILDLIFE CONSERVATION

Committee on Merchant Marine and Fisheries: Subcommittee on Fisheries and Wildlife and Conservation met in executive session and approved for full committee action H.R. 9424 (amended), to provide for the conservation, protection, and propagation of native species of fish and wildlife, including migratory birds, that are threatened with extinction; and to consolidate the authorities relating to the administration by the Secretary of the Interior of the National Wildlife Refuge System.

MAIL TRANSPORTATION

Committee on Post Office and Civil Service: Subcommittee on Postal Operations met in executive session on H.R. 6472, to provide for the transportation of mail by motor vehicles. The committee tabled the bill.

HIGHWAY BEAUTIFICATION

Committee on Public Works: Met in executive session and ordered reported favorably to the House S. 2084 (amended), to provide for scenic development and road beautification of the Federal-aid highway systems.

PENDING LEGISLATION

Committee on Ways and Means: Met in executive session on pending legislation. No announcements were made.

BILLS SIGNED BY THE PRESIDENT

New Laws

(For last listing of public laws, see DIGEST, p. D942, September 20, 1965)

S.J. Res. 89, extending for 1 year authority for the erection in the D.C. of a memorial to Mary McLeod Bethune. Signed September 21, 1965 (P.L. 89-192).

Next meeting of the SENATE

12:00 noon, Wednesday, September 22

H.R. 3039, relative to permitting early payday for Armed Forces personnel. Signed September 21, 1965 (P.L. 89-193).

H.R. 5989, to facilitate the use of cargo containers in coastwise trade. Signed September 21, 1965 (P.L. 89-194).

S. 20, providing for the establishment of the Assateague Island National Seashore, Md. and Va. Signed September 21, 1965 (P.L. 89-195).

COMMITTEE MEETINGS FOR WEDNESDAY, SEPTEMBER 22

(All meetings are open unless otherwise designated)

Senate

Committee on Armed Services, Stockpile Subcommittee, on several pending bills (H.R. 6852, 9047, 10516, 10714, 10715, 10748, and H.J. Res. 330), 10 a.m., 212 Old Senate Office Building.

Committee on Banking and Currency, Subcommittee on Securities, on S. 1707, increasing fees for filing registration statements under the Securities Act, 10 a.m., 5302 New Senate Office Building.

Committee on Commerce, to continue hearings on administration of Public Law 88-108, re railroad work rule disputes, 10 a.m., 5110 New Senate Office Building.

Committee on Finance, executive, on H.R. 9042, implementing agreement between the U.S. and Canada concerning trade in automotive products, 10 a.m., 2221 New Senate Office Building.

Committee on Government Operations, Subcommittee on Foreign Aid Expenditures, on S. 1676, re population control problems, 10 a.m., 3302 New Senate Office Building.

Committee on Rules and Administration, executive, on committee business, 10 a.m., 301 Old Senate Office Building.

House

Committee on Agriculture, Subcommittee on Conservation and Credit, on watershed projects, 10 a.m., 1301 Longworth House Office Building.

Committee on Appropriations, Subcommittee on Defense, executive, on pending business, 11 a.m., H-140 U.S. Capitol Building.

Next meeting of the HOUSE OF REPRESENTATIVES

12:00 noon, Wednesday, September 22

Committee on Armed Services, Subcommittee on Tactical Air Support, executive, to consider close air support, 10 a.m., 2216 Rayburn House Office Building.

Subcommittee on Real Estate, to consider Army Disposal Report 206A (Watertown, Mass., Arsenal), 10 a.m., 2212 Rayburn House Office Building.

Committee on Banking and Currency, Subcommittee on Domestic Finance, to continue hearings on S. 1698, and related bills, to exempt bank mergers approved under the Bank Merger Act from operation of the antitrust laws, 10 a.m., 2128 Rayburn House Office Building.

Committee on Foreign Affairs, Subcommittee on Inter-American Affairs, executive, for a briefing on Dominican Republic with the Deputy Assistant Secretary of State for Inter-American Affairs, 10:30 a.m., 2255 Rayburn House Office Building.

Subcommittee on State Department Organization and Foreign Operations, executive, to further consider Foreign Buildings Act Amendments, 10:30 a.m., 2200 Rayburn House Office Building.

Committee on the Judiciary, Subcommittee No. 5, on omnibus judgeship bills, 10 a.m., 2141 Rayburn House Office Building.

Subcommittee No. 4, executive, on pending legislation, 10 a.m., 2201 Rayburn House Office Building.

Subcommittee No. 2, executive, on pending legislation, 10 a.m., 2237 Rayburn House Office Building.

Committee on Merchant Marine and Fisheries, Subcommittee on Merchant Marine, to begin hearings on H.R. 10883 to amend sections 9 and 37 of the Shipping Act, 1916, and subsection O of the Ship Mortgage Act, 1920, 10 a.m., 1334 Longworth House Office Building.

Committee on Post Office and Civil Service, Subcommittee on Postal Facilities and Modernization, on modernization of postal facilities, 10 a.m., 215 Cannon House Office Building.

Committee on Public Works, Ad Hoc Subcommittee on H.R. 9963, executive, on the Alaskan Exhibition, 10 a.m., 2253 Rayburn House Office Building.

Committee on Ways and Means, executive, on pending legislation, 10 a.m., committee room, Longworth House Office Building.

Joint Committees

Joint Committee on the Organization of the Congress, to resume hearings on proposals to change congressional organization, 10 a.m., room S-228, Capitol.

Conferees, executive, on H.R. 8283, proposed economic opportunity amendments, 10 a.m., room EF-100, Capitol.



Congressional Record

appropriate provisions of Title 44, United States Code, and published for each day that one or both Houses are in session, excepting very infrequent instances when two or more unusually small consecutive issues are printed at one time. ¶ The Congressional Record will be furnished by mail to subscribers, free of postage, for \$1.50 per month, payable in advance. Remit check or money order, made payable to the Superintendent of Documents, directly to the Government Printing Office, Washington, D.C., 20402. For subscription purposes, 20 daily issues constitute a month. The charge for individual copies varies in proportion to the size of the issue. ¶ Following each session of Congress, the daily Congressional Record is revised, printed, permanently bound and is sold by the Superintendent of Documents in individual parts or by sets. ¶ With the exception of copyrighted articles, there are no restrictions on the republication of material from the Congressional Record.

The public proceedings of each House of Congress, as reported by the Official Reporters thereof, are printed pursuant to directions of the Joint Committee on Printing as authorized by

***DIGEST** of Congressional Proceedings*

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued Oct. 14, 1965
For actions of Oct. 13, 1965
89th-1st, No. 191

CONTENTS

Adjournment.....27	Farm program.....25	Safety.....7
Appropriations...3,4,10,15	Fish.....18	Salt.....29
Agricultural	Foreign affairs.....17	Station transfers.....12
appropriations.....3	Foreign trade...8,21,24,32	Sugar.....1
Balance of payments.....8	Forestry.....22	Supplemental
Bridges.....17	Highway beauty.....20	appropriations.....4
Continuing	Information....2,19	Taxation.....31
appropriations.....15	Legislative	Trade agreements.....21
Copyrights.....16	accomplishments.....26	Trade statistics.....32
Counterpart funds.....14	Motor vehicles.....7	Water conservation.....2
Dairy.....25	Public works.....10	Water resources.....23
Disaster relief.....5,28	Purchasing.....13	Wildlife.....18
Education.....6	Reports.....11,32	World food study.....33
Farm labor.....9	Research.....6,30	

HIGHLIGHTS: see page 4

HOUSE

1. SUGAR. Passed, 246-147, as reported H. R. 11135, the sugar bill. Rejected, 95-137, the Findley amendment to cancel quotas of countries that use agents. Rejected, 160-230, a motion by Rep. Harvey, Ind., to recommit the bill with instructions for an amendment to impose an import tax on sugar. pp. 25917-22, 25930-45
2. WATER CONSERVATION. Passed with amendment H. J. Res. 671, to authorize the President to proclaim November 1965 as Water Conservation Month. pp. 25945-6
3. AGRICULTURAL APPROPRIATION BILL. The conferees were given until midnight tonight (Oct. 14) to submit a report on this bill, H. R. 8370. p. 25946
4. SUPPLEMENTAL APPROPRIATION BILL, 1966. The Appropriations Committee reported this bill, H. R. 11588 (H. Rept. 1162)(p. 26000). Attached to this Digest is a table showing the budget estimates and House committee action on requests for

this Department. The bill also includes appropriations for the Office of Economic Opportunity. The bill is to be considered today, Oct. 14 (p. D1020).

5. DISASTER RELIEF. The Public Works Committee reported without amendment H. R. 11539, to provide assistance to Fla., La., and Miss. for reconstruction of areas damaged by the recent hurricane (H. Rept. 1164). p. 26000
6. RESEARCH; EDUCATION. Received a report from the Government Operations Committee on "Conflicts between the Federal research programs and the Nation's goals for higher education" (H. Rept. 1158). p. 26000
7. SAFETY. Rep. Mackay asked for Federal leadership in all aspects of motor-vehicle safety. pp. 25951-2
8. FOREIGN TRADE. Rep. Curtis discussed the outlook for fostering foreign trade and relating to the balance-of-payments program. pp. 25958-62
9. FARM LABOR. Rep. Cleveland inserted an article criticizing the Labor Department's placemont program as it relates to N. H. apples. pp. 25963-5
10. PUBLIC WORKS APPROPRIATION BILL. Received the conference report on this bill, H. R. 9220 (H. Rept. 1163). pp. 25991-9
11. REPORTS. The Government Operations Committee voted to report (but did not actually report) S. 2150 (amended), to discontinue or modify certain reporting requirements of law. p. D1021
12. STATION TRANSFERS. The Government Operations Committee voted to report (but did not actually report) H. R. 10607 (amended), to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental U. S. p. D1021
13. PURCHASING. The Government Operations Committee voted to report (but did not actually report) S. 1004 (amended), to make title III of the Federal Property and Administrative Services Act applicable to procurement of property and non-personal services by executive agencies. p. D1021
14. COUNTERPART FUNDS. The Government Operations Committee ordered favorably reported a report, "Use of counterpart funds by the Foreign Agricultural Service." p. D1021

SENATE

15. APPROPRIATIONS. Both Houses passed without amendment H. J. Res. 695, making continuing appropriations for fiscal year 1966 (pp. 25906, 25922-23). Sen. Hayden stated that the resolution "extends from October 15 to Saturday, October 23, existing provisions of law, providing funds for the operation of the agencies of Government for which the regular appropriation bills for fiscal year 1966 have not yet been enacted" (p. 25906). This measure will now be sent to the President.
16. COPYRIGHTS. Passed without amendment H. R. 2853, to increase the fees payable to the Copyright Office so as to produce a more appropriate ratio between receipts and expenditures of the Office. This bill will now be sent to the President. pp. 25864-65

Force for Installation and Logistics; and Maj. Gen. Glen Birchard, Vice Commander, Military Air Transportation Service.

FEDERAL EMPLOYEES' COMPENSATION ACT

Committee on Education and Labor: Select Subcommittee on Labor met in executive session on H.R. 10721, to amend the Federal Employees' Compensation Act. No final action was taken.

4-YEAR CONGRESSIONAL TERM

Committee on the Judiciary: Subcommittee No. 5 met in executive session and sent H.J. Res. 394, proposing an amendment to the Constitution of the United States providing that the term of office of Members of the U.S. House of Representatives shall be 4 years, to the full committee with recommendation that further hearings be held thereon before the full committee.

CLAIMS BILLS

Committee on the Judiciary: Subcommittee No. 2 met in executive session and acted on several private claims bills.

GOVERNMENT OPERATIONS MISCELLANY

Committee on Government Operations: Met in executive session and ordered reported favorably to the House the following bills:

~~H.R. 10722, to authorize the payment of an allowance of not to exceed \$10 per day to employees assigned to duty at the Nevada Test Site of the U.S. Atomic Energy Commission;~~

~~S. 2150 (amended), to discontinue or modify certain reporting requirements of law;~~

H.R. 10607 (amended), to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States; and

S. 1004 (amended), to amend the Federal Property and Administrative Services Act of 1949, to make title III thereof directly applicable to procurement of property and nonpersonal services by executive agencies.

The committee also ordered reported favorably three committee reports, entitled:

"Use of Counterpart Funds by the Foreign Agricultural Service";

"Cryogenic Cooling Systems"; and

"Conflicts Between Federal Research Programs and the Nation's Goals for Higher Education."

HURRICANE DAMAGE ASSISTANCE

Committee on Public Works: Met in executive session and ordered reported favorably to the House H.R.

11539, to provide assistance to the States of Florida, Louisiana, and Mississippi for the reconstruction of areas damaged by the recent hurricane; and approved the following watershed projects:

Bayou Boeuf, La.;

Mauch Chunk Creek, Pa.;

Middle Creek, Pa.;

Oil Creek, Pa.; and

A public building project at Denton, Tex.

Prior to the executive session the committee met in open session on H.R. 11539. Testimony was heard from Senator Long of Louisiana; Representatives Boggs, Hébert, Willis, Waggoner, and Fascell; Frank Dryden, Deputy Director, Office of Emergency Planning; Elmer B. Staats, Deputy Director, Bureau of the Budget; Ross D. Davis, Executive Administrator, Small Business Administration; Milton P. Semer, Deputy Administrator and General Counsel, Housing and Home Finance Agency; and Jack Frost, Director, Emergency Loans, Farmers Home Administration, Department of Agriculture.

DUTY-FREE WINDOWS

Committee on Ways and Means: Met in executive session and ordered reported favorably to the House the following bills:

H.R. 4599, to provide for the free entry of certain stained glass for the Congregation Emanuel of Denver, Colo.; and

H.R. 5831, to provide for the free entry of certain stained glass and cement windows for Our Lady of Angels Seminary of Glenmont, N.Y.

The DIGEST for Wednesday, October 12, erroneously listed H.R. 8818 as reported favorably to the House. Actually the measure reported was H.R. 8188, relating to the deduction for income tax purposes of contributions to certain organizations for judicial reform.

Joint Committee Meetings

HIGHER EDUCATION

Conferees, in executive session, continued to resolve the differences between the Senate- and House-passed versions of H.R. 9567, proposed Higher Education Act of 1965, but did not reach final agreement, and will meet again tomorrow.

APPROPRIATIONS—PUBLIC WORKS

Conferees, in executive session, agreed to file a conference report on the differences between the Senate- and House-passed versions of H.R. 9220, fiscal 1966 appropriations for public works.

APPROPRIATIONS—AGRICULTURE

Conferees met in executive session to resolve the differences between the Senate- and House-passed versions of H.R. 8370, fiscal 1966 appropriations for the Depart-

Next meeting of the SENATE
12:00 noon, Friday, October 15

Next meeting of the HOUSE OF REPRESENTATIVES
12:00 noon, Thursday, October 14

ment of Agriculture, and related agencies, but did not reach final agreement, and recessed subject to call.

COMMITTEE MEETINGS FOR THURSDAY, OCTOBER 14

(All meetings are open unless otherwise designated)

Senate

Committee on Appropriations, subcommittee, on fiscal 1966 supplemental budget estimates for the Office of Economic Opportunity, 10 a.m., 1224 New Senate Office Building.

Subcommittee, on fiscal 1966 supplemental budget estimates for the Department of Agriculture, 10 a.m., 1114 New Senate Office Building.

Subcommittee, on fiscal 1966 supplemental budget estimates for independent offices, 2 p.m., room S-128, Capitol.

Committee on Commerce, on S. 2614, providing U.S. participation in 1967 Alaska exposition, 10 a.m., 5110 New Senate Office Building.

Committee on Finance, on H.R. 11135, Sugar Act amendments, 10 a.m., 2221 New Senate Office Building.

Committee on Post Office and Civil Service, executive, on H.R. 10281, proposed Government Employees Salary Comparability Act, 10 a.m., 6200 New Senate Office Building.

Committee on Public Works, executive, on S. 2394, re residence for Vice President, and other pending committee business, 10 a.m., 4200 New Senate Office Building.

House

Committee on Armed Services, Special Subcommittee on Retirement, executive, for an organizational meeting, 10 a.m., 2118 Rayburn House Office Building.

Special Subcommittee on Military Airlift, executive, on airlift problems, 10 a.m., 2212 Rayburn House Office Building.

Special Subcommittee on Tactical Air Support, executive, on close air support, 10 a.m., 2216 Rayburn House Office Building.

Committee on Education and Labor, Select Subcommittee on Labor, executive, on H.R. 10721, to amend the Federal Employees' Compensation Act, 10:30 a.m., 2261 Rayburn House Office Building.

Committee on Foreign Affairs, Subcommittee on Europe, executive, for a briefing by Foy D. Kohler, U.S. Ambassador to the U.S.S.R., 10:30 a.m., 2255 Rayburn House Office Building.

Committee on Merchant Marine and Fisheries, executive, on H.R. 9424, relating to wildlife conservation, 10 a.m., 1334 Longworth House Office Building.

Committee on Public Works, Subcommittee on Flood Control, on S. 1861, to provide additional assistance for areas suffering a major disaster, 10 a.m., 2167 Rayburn House Office Building.

Committee on Ways and Means, executive, on miscellaneous bills, 10 a.m., committee room, Longworth House Office Building.

Joint Committee

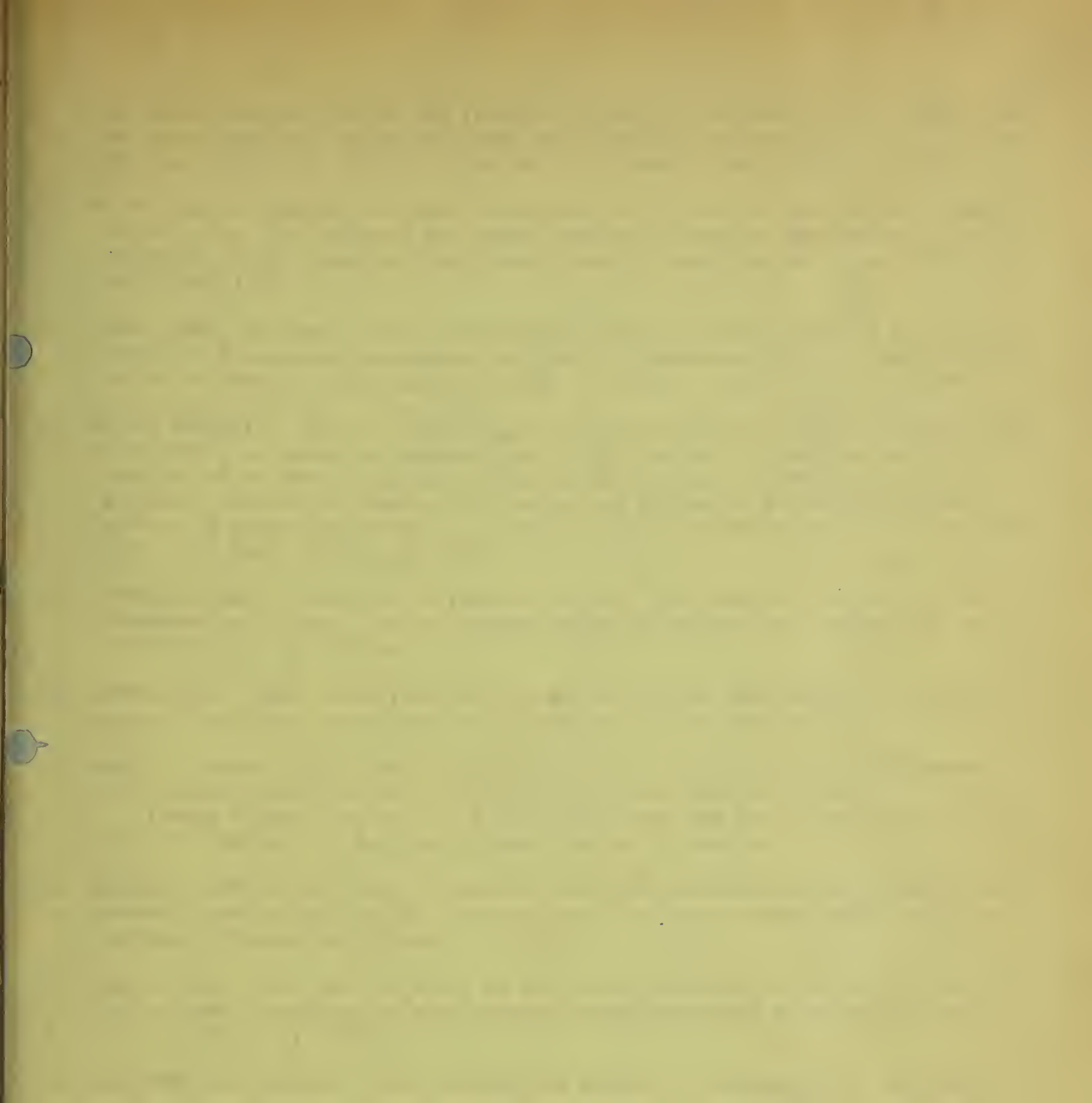
Conferees, executive, on H.R. 9567, higher education bill, 10 a.m., room S-207, Capitol.



Congressional Record

appropriate provisions of Title 44, United States Code, and published for each day that one or both Houses are in session, excepting very infrequent instances when two or more unusually small consecutive issues are printed at one time. ¶ The Congressional Record will be furnished by mail to subscribers, free of postage, for \$1.50 per month, payable in advance. Remit check or money order, made payable to the Superintendent of Documents, directly to the Government Printing Office, Washington, D.C., 20402. For subscription purposes, 20 daily issues constitute a month. The charge for individual copies varies in proportion to the size of the issue. ¶ Following each session of Congress, the daily Congressional Record is revised, printed, permanently bound and is sold by the Superintendent of Documents in individual parts or by sets. ¶ With the exception of copyrighted articles, there are no restrictions on the republication of material from the Congressional Record.

The public proceedings of each House of Congress, as reported by the Official Reporters thereof, are printed pursuant to directions of the Joint Committee on Printing as authorized by



the authorization for the SBA revolving fund (pp. 26829-32). The Banking and Currency Committee had reported the bill without amendment earlier in the day (H. Rept. 1188) (p. 26922). This bill will now be sent to the President.

15. VOCATIONAL EDUCATION. Both Houses received and agreed to the conference report on H.R. 8310, the proposed Vocational Rehabilitation Act Amendments of 1965 (H. Rept. 1204). This bill will now be sent to the President. pp. 26856-60, 26922, 27027-29
16. TRADE FAIR. The Public Works Committee reported with amendment, H.R. 9963, to promote the economic development of Alaska by providing for U.S. participation in the state-wide exposition in Alaska in 1967 (H. Report 1187). p. 26922
17. MOVING EXPENSES. The Government Operations Committee reported with amendments H.R. 10607, to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental U. S. (H. Rept. 1199). p. 26922
18. INVESTIGATIONS. Agreed to as reported H. Res. 605, authorizing the Agriculture Committee to conduct certain investigations relating to matters within its jurisdiction. pp. 26834-5
19. INFORMATION. Rep. Rumsfeld urged passage of pending legislation to clarify and protect the right of the public to information. pp. 26849-52
20. TARIFF. Passed without amendment H.R. 11216, relating to the tariff treatment of articles assembled abroad of products of the U.S. pp. 26829
Passed without amendment H.R. 7723, to amend the Tariff Schedules of the U. S. to suspend the duty on certain tropical hardwoods.
21. ECONOMIC DEVELOPMENT. Rep. Blatnik expressed his approval of the things being accomplished to increase the prosperity of the Nation under public works and economic development programs. p. 26901
22. FOOD SUPPLY. Rep. Purcell spoke on the hunger problems in the world and urged use of our food supply to help underdeveloped countries build a sound agricultural base. p. 26901-2
23. COMMITTEE ASSIGNMENTS. Rep. Edwards was elected to membership on the Public Works Committee and Rep. Wilson resigned from the Veterans' Affairs Committee. pp. 26817, 26875
24. SHIPPING. Rep. Mailliard criticized our merchant marine policy. pp. 26847-8
25. COMMON MARKET. Rep. Curtis commended and inserted an article "The Nature of the Common Market's Crisis," which he described as giving the type of background information needed to make sound judgments and decisions. pp. 26889-91
26. POVERTY. Rep. Gibbons praised the poverty program stating that it is "off to a good start." pp. 26917-8
27. LEGISLATIVE ACCOMPLISHMENTS. Rep. Moeller reported on the record of the 1st session of this Congress and the position he took on the major legislative

proposals. pp. 26918-9

28. FARM LABOR. Rep. William D. Ford stated that Michigan's pickle crop "was harvested, and that more jobs were provided for our own American workers and at higher wages" under Labor Dept.'s domestic farm labor program. p. 26920
29. OPINION POLL. Rep. Cleveland inserted the results of a questionnaire including items of interest to this Department. pp. 26895-96

ITEM IN APPENDIX

30. LEGISLATIVE ACCOMPLISHMENTS. Extension of remarks of Rep. McCarthy reporting on and commending the accomplishments of the 89th Congress. pp. A5910-12

BILLS INTRODUCED

31. NATIONAL PARK. H.R. 11722 by Rep. Burton, H.R. 11723 by Rep. Cohelan and H.R. 11726 by Rep. Reuss, to establish a Redwood National Park in the State of California; to Interior and Insular Affairs Committee. Remarks of Rep. Cohelan pp. 26840-1
32. PARKWAY. H.R. 11732 by Rep. Smith, to authorize the Secretary of the Interior to designate the Washington County National Parkway; to Interior and Insular Affairs Committee.
33. WATER POLLUTION. H.R. 11734 by Rep. Dingell, to amend the Federal Water Pollution Control Act to authorize increased appropriations for assisting construction of municipal sewage treatment works, and to strengthen authority to enforce pollution abatement; to Public Works Committee.
34. TAXATION. H.R. 11735 by Rep. Dwyer, to establish a system for the sharing of certain Federal tax receipts with the States; to Ways and Means Committee.
35. EDUCATION. H.R. 11738 by Rep. Grider and H.R. 11745 by Rep. Helstoski, to provide a program of Federal assistance to elementary schools throughout the Nation to improve educational opportunities through provision for the services of child development specialists and to provide a program of Federal assistance for the training of such elementary school personnel in the institutions of higher education; to Education and Labor Committee.
36. DAYLIGHT SAVING TIME. H.R. 11743 by Rep. Edwards, to establish uniform dates throughout the United States for the commencing and ending of daylight saving time in those States and local jurisdictions where it is observed; to Interstate and Foreign Commerce Committee.
37. HOLIDAY. H. J. Res. 780 by Rep. Dow, designate Columbus Day, the 12th day of October in each year, a legal holiday; to Judiciary Committee.
38. MINING. S. 2688 by Sen. Nelson, to provide for the regulation of present and future surface and strip mining, for the conservation and reclamation of surface and strip mined areas; to Interior and Insular Affairs Committee. Remarks of author pp. 26931-3

AMENDING THE ADMINISTRATIVE EXPENSES ACT OF
1946 TO PROVIDE FOR REIMBURSEMENT OF CERTAIN
MOVING EXPENSES OF EMPLOYEES

OCTOBER 21, 1965.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

MR. DAWSON, from the Committee on Government Operations,
submitted the following

R E P O R T

[To accompany H.R. 10607]

The Committee on Government Operations, to whom was referred the bill (H.R. 10607) to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

Page 4, line 7, strike out "Zone, except that" and inserting in lieu thereof "Zone: *Provided further*, That".

Page 5, line 1, strike out "shall not exceed such fees as are customarily" and inserting in lieu thereof "and other expenses under this subsection shall not exceed those customarily".

Page 5, line 15, strike out "equal to" and insert in lieu thereof "not to exceed".

Page 5, line 16, strike out "equal to" and insert in lieu thereof "not to exceed".

Page 7, line 10, strike out "six months" and insert in lieu thereof "one year".

PURPOSE

The purpose of H.R. 10607 is to provide for reimbursement of certain moving and storage expenses of Federal employees, in addition to expenses already allowed, when those employees are transferred from one official station to another in the interest of the United States.

The bill seeks to save such employees from some of the financial losses that are frequently inevitable when such moves are required.

The principal features of the bill are:

(1) It would raise the current statutory limit on weight of household goods shipped, for which reimbursement can be made, from 7,000 to 11,000 pounds. Also, employees assigned to isolated stations where no residence quarters other than barracks or furnished rooms are available, would be reimbursed for storage of household goods.

(2) The bill would permit reimbursement of travel expenses to an employee's immediate family while en route to the new official station (in addition to the costs already provided); one round trip travel to the employee and his spouse to seek permanent quarters in the new location, and expenses while occupying temporary quarters there for up to 30 days.

(3) The bill would cover the expenses of certain real estate transactions resulting from the employee selling his home at his old station and purchasing a new home at his new station. Also an allowance for miscellaneous expenses of moves not otherwise covered would be granted.

HEARINGS

Hearings on the bill were held by the Subcommittee on Executive and Legislative Reorganization. Officials of the Bureau of the Budget, the U.S. Civil Service Commission, and Members of the House of Representatives testified in behalf of the legislation. Representatives of employee organizations, including the Government Employees Council, AFL-CIO; National Federation of Federal Employees and the International Association of Machinists, AFL-CIO also supported the bill. Officials of the General Accounting Office analyzed the measure but made no recommendation on its enactment.

GENERAL STATEMENT

The Federal Government has long paid certain travel and moving expenses of its employees when they are transferred from one post of duty to another. The expenses now authorized to be paid, however, meet only a portion of the total expenses incurred by the moving employee. Existing law authorizes only the following reimbursements: The cost of transporting up to 7,000 pounds of household goods; when necessary, the cost of temporary storage of employees' household goods; the cost of transportation of employees and their immediate families to the new duty stations; and the subsistence expenses of employees (but not their families) when en route between the old and new duty stations.

Other expenses frequently incurred are those for household goods and personal effects in excess of 7,000 pounds; the subsistence expenses of members of the moving employee's family while en route to the new duty station; the costs of an advance trip to seek satisfactory living quarters for himself and his family; the rent of temporary quarters while waiting for permanent ones; the costs of selling and buying homes or in canceling leases; and a range of miscellaneous expenses such as connecting and disconnecting appliance, adjusting rugs and draperies, among many others.

This bill will enable the Government to more nearly meet the actual expenses incurred by the transferred employee who is being uprooted

and moved in the interest of the Government. The committee believes this to be simple equity as employees of the Government should not be required to dip into their own pockets to pay costs incurred by them at the will of and for the benefit of the Government.

It has been estimated that more than 35,000 employees a year are involved in transfers at the instance of the Government. A special current problem is the large number of employees involved in base closings and the considerable percentage of those who are transferred to other locations.

In March of 1963, the U.S. Civil Service Commission issued a report based on a study made of moving expenses showing the extent to which Federal employees suffered losses when required to move. The full text of the report is contained in the hearings on H.R. 10607, beginning on page 15. The summary of the report follows:

With the cooperation of a number of Federal agencies the Civil Service Commission conducted a voluntary survey of the expenses of Federal employees moving, for the convenience of the Government, from one geographical location to another in the United States in fiscal 1962. Analysis of the 5,037 usable questionnaire responses showed that more than 4 out of 5 employees lost money on their move. The average loss, counting only expenses considered necessary and reasonable for such moves, was \$558. A significant number of respondents (17 percent) lost more than \$1,000. Another 17 percent, mostly those who did all their own packing, used self-haul trailers, and so on, made money on their move. The average gain was \$69. No one gained more than \$200.

Losses were associated with grade level (the higher the grade the greater the loss), number of dependents (those with dependents lost on the average twice as much as those without), and home ownership (persons who both sold and bought a house lost three times as much as renters, exclusive of capital losses). Losses also increased with distance for those with dependents and were higher for interstate than intrastate moves. About one in five persons with dependents shipped household goods in excess of the 7,000-pound limit for reimbursement. Three respondents in five used annual leave in connection with their move (average use: 33 hours).

Heaviest losses were from closing costs on the sale of the old home (average \$677), closing costs on new homes (average \$297), above normal living costs for employees reporting to the new job ahead of their families (average \$257), and cost of temporary quarters for the family (average \$134). Other types of losses average \$100 or less.

All in all it is clear that present reimbursements for moving costs fall substantially short of covering necessary and reasonable expenses related to moves for the convenience of the Government.

Private businesses are far ahead of the Government in compensating their employees. Recent surveys have shown that the great majority of businesses having specific policies on transfer expenses underwrite practically all of the losses their employees may suffer.

It has proved difficult at this time to accurately estimate the cost of this legislation but the Deputy Director of the Bureau of the Budget

suggested the possibility of about \$40 million. His testimony on this follows:

We have found it difficult to develop estimates of additional costs which the Government would incur if H.R. 10607 is enacted. If the patterns disclosed in the survey by the Civil Service Commission were to remain valid, additional reimbursements would be about \$20 million per year. This estimate is obtained by multiplying the average loss per employee of \$560 as reported by the Civil Service Commission by 35,000, the estimated number of employees required to move each year. We are inclined to believe that costs might be somewhat higher, however, because it is reasonable to expect that if the bill is enacted some employees would not act according to the same patterns reported by the Civil Service Commission.

For example, some employees who sold part of their household effects in order to avoid shipments in excess of the existing 7,000-pound limit might decide to ship all of their property if the weight limit were increased to 11,000 pounds. Similar changes might occur with respect to other features of the bill.

We do not know of any reliable way to determine the extent to which employees would change their practices if the bill were enacted but additional costs might be about \$40 million. The Department of Defense is estimating that its costs would be increased about \$25 million, including about \$3.4 million which would be associated with base closures. And to that extent, you ought to regard that as a one-time cost spreading over about 2 or 3 years.

The Bureau of the Budget will administer this legislation, and the committee has been assured that regulations will be drawn in a way to guard against any windfalls, collusion, or abuse.

This committee will maintain a close watch over the implementation of this legislation to make certain that the intention of the Congress is carried into effect.

SECTION-BY-SECTION ANALYSIS OF H.R. 10607, AS AMENDED

Subsection (1)(a)

(1) Reference to section 4 of the Travel Expense Act of 1949, as amended (5 U.S.C. 837), is substituted for the reference to the act of February 14, 1931, as the latter was repealed by section 9(a) of the Travel Expense Act of 1949 and replaced by section 4 of that act, which sets mileage allowances for the use of privately owned automobiles, airplanes, and motorcycles.

(2) Substituting 11 for 7 in the second parentheses would permit reimbursement for the transportation of up to 11,000 pounds of household goods and personal effects, rather than 7,000 pounds.

(3) Reference to section 5 of the Travel Expense Act of 1949 (5 U.S.C. 838) is substituted for the reference to the Subsistence Expense Act of 1926 (5 U.S.C. 828), as the latter was repealed by section 9(a) of the Travel Expense Act of 1949 and replaced by section 5 of that act, which permits the advancements of sums for travel expenses.

Subsection (1)(b)

This subsection adds wording to permit greater use of Government bills of lading in domestic shipments of household goods.

Subsection (b) of the Administrative Expenses Act presently authorizes, under regulations of the President, the use of the commuted rates system for transportation of employees' household goods between posts of duty in the contiguous 48 States and the District of Columbia. Ordinarily, it is believed that this system should be retained for use but occasionally transportation costs to the Government can be substantially reduced through use of Government bills of lading. Some flexibility is needed so that the Government bill of lading system may be used when these savings can be accomplished. By the insertion, flexibility would be provided so that either system could be used depending on which would be more economical to the Government. The Government bill of lading system presently applies outside the contiguous 48 States and the District of Columbia.

Section 2

This section adds four new sections to the Administrative Expenses Act.

New section 23

This section provides that, under regulations to be established by the President, employees transferred for the convenience of the Government may be reimbursed for all or part of the four types of expenses enumerated in the section. Regulations governing reimbursement for these expenses would be issued for the President by the Bureau of the Budget which establishes regulations for travel and moving expenses under the Travel Expense Act of 1949 and the Administrative Expenses Act of 1946.

Employee coverage is limited to those who would be eligible for reimbursement under section 1(a) of the Administrative Expenses Act and is further limited in paragraphs (2), (3), and (4) to certain geographical areas. Per diem allowances in lieu of subsistence provided for in paragraphs (1) and (2) could not exceed the maximum per diem rates prescribed in or pursuant to section 3 of the Travel Expense Act of 1949, and the daily rates to be prescribed for subsistence expenses per person under paragraph (3) would also be subject to these maximum rates.

Paragraph (1) provides that an officer or employee may receive per diem allowances in lieu of subsistence for members of his immediate family while en route to the new official station. This authority would permit reimbursement for such expenses as food and lodging of family members and could be paid for travel within or outside the United States.

Paragraph (2) provides that an employee may receive per diem allowances in lieu of subsistence and round-trip transportation expenses of himself and his spouse for travel to seek permanent residence quarters at the new official station. The length and circumstances of such "house hunting" trips would be prescribed by regulation. The expenses may be allowed, however, for only one round trip for the employee and spouse in connection with each change of station of the employee. The authority would extend only to the contiguous 48 States and the District of Columbia.

Paragraph (3) provides that the employee could be reimbursed for the subsistence expenses of himself and his immediate family while occupying temporary quarters. Reimbursement would be on an actual expense basis at average daily rates to be prescribed by regulation. The maximum period for which subsistence expenses could be paid would be 30 days for most employees. However, this maximum could be doubled for moves to or from Hawaii, Alaska, the territories and possessions, Puerto Rico, and the Canal Zone to allow adequate time for the shipment of household goods. Subsistence for temporary quarters in areas not included in this bill would be covered by the provisions of the Overseas Differentials and Allowances Act (5 U.S.C. 3037). The amount to be allowed may not exceed the maximum per diem rates of the Travel Expense Act. Such amount, however, would apply only for the first 10 days of occupancy of such temporary quarters. For the second 10 days the amount could not exceed two-thirds of such rates, and for periods in excess of 20 days it could not exceed one-half of such rates. When appropriate, these rates could be limited even further by regulation. Duplication of payments for subsistence in temporary quarters would be prohibited by regulation in the event that employees assigned to a post in the United States between foreign assignments received a transfer allowance under section 221 of the Overseas Differentials and Allowances Act.

Under paragraph (4) reimbursement would be authorized for the expenses of selling and buying real estate and settlement of unexpired leases when these expenses must be paid by the employee. Such expenses might include legal fees (as for title searches) and commissions, document stamps and transfer taxes, closing or settlement costs, and the like as would be prescribed by regulation. But brokerage fees and other expenses shall not exceed those customarily charged in the locality where the applicable residence is located. The expenses of selling a residence would not include losses on the sale as, for example, a sale price less than the appraised value. The authority would extend only to the United States (including the District of Columbia), its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone.

New section 24

This section provides, if necessary and appropriate and under regulations to be prescribed by the President, for reimbursement, over and above reimbursement otherwise received under the act, an amount not to exceed 2 weeks' basic compensation for employees with an immediate family and 1 week's basic compensation for single movers. These additional amounts would be payable to all employees who receive reimbursement under sections 1(a) or new section 23 of the Administrative Expenses Act without the necessity of showing actual expenses but shall not exceed the maximum rates of grade GS-13 of the Classification Act.

New section 25

Subsection (a) provides that under regulations to be established by the President, when transferred employees or new appointees are assigned to permanent stations in isolated locations in the continental United States which do not have residence quarters, they may be reimbursed for storage of household goods for up to 3 years or their

household goods may be stored in Government-owned facilities if this is more economical. The weight of goods stored plus the weight of any goods moved may not exceed the total weight the employee would be entitled to move if no goods had been stored. Alaska is excluded from coverage because employees in Alaska may store household goods under Public Law 88-266.

The heads of executive departments (e.g., the Secretary of Defense for the military departments) and the heads of other agencies would issue implementing regulations as necessary.

Under subsection (b) reimbursement for storage expenses would not be authorized for persons whose travel orders were dated more than 60 days before the effective date of the section.

New section 26

This section provides that the cost of reimbursing employees for expenses authorized under certain provisions of section 1 and under sections 23 and 24 may be paid partly or wholly by either the department from which the employee is transferred or to which he is transferred when a transfer between departments results from a reduction in force in the department from which the employee is transferred or a transfer of function. The extent to which these costs would be shared between departments would be agreed upon by the departments concerned under regulations prescribed by the President.

New section 27

Under this section persons separated from the service in a reduction in force or transfer of function for whom the Government would have paid the expenses and allowances of transfer under sections 1, 23, and 24 at the time they were still employed could receive such payments if they are appointed or reinstated to a nontemporary position in the Federal service within 1 year. The purpose of this section is to extend the same benefits to persons an agency tries to place during a reduction in force or transfer of function but has not successfully placed by the time it is necessary to separate them as are extended to employees the agency is able to retain on the rolls until their transfer.

New section 28

This section provides that, in order to receive the expenses allowed under this bill, employees must agree in writing to remain in Government service for at least 1 year after they have moved, unless separated for reasons beyond their control and acceptable to the agency concerned. If the agreement is violated, the amounts allowed for the moving expenses must be returned to the Government.

Section 3

This section would provide time for necessary changes in travel regulations to be made. Employees who incur expenses covered under this bill during the 90 days allowed for issuance of regulations would be reimbursed.

EXPLANATION OF AMENDMENTS

The first amendment is a technical one which makes clear the intention of the bill that the limitations on subsistence expenses contained in this section refer also to transfers taking place within the continental United States.

The second amendment limits reimbursement of both brokerage fees and "other expenses" to those fees customarily charged in the locality where the residence is located.

The third and fourth amendments place a ceiling on the amount of miscellaneous expenses of 2 weeks' basic compensation for an employee with a family and 1 week's basic compensation for an employee without a family. Without the amendment these employees would receive a flat amount of 1 or 2 weeks' compensation for miscellaneous expenses.

The fifth amendment extends from 6 months to 1 year the period of reemployment after separation when an employee will be eligible for reimbursement of moving expenses.

LETTER OF TRANSMITTAL TO HON. JOHN W. McCORMACK, SPEAKER OF THE HOUSE OF REPRESENTATIVES, FROM CHAIRMAN JOHN W. MACY, JR., OF THE U.S. CIVIL SERVICE COMMISSION

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., May 20, 1965.

HON. JOHN W. McCORMACK,
Speaker of the House of Representatives.

DEAR MR. SPEAKER: In accordance with the President's message of May 12, 1965, we are submitting with this letter, for the consideration of the Congress, proposed legislation which would authorize the reimbursement of certain of the moving expenses of civilian employees who are transferred in the interest of the Government to a place other than the one in which they have been living and working. There are enclosed a draft bill, a section analysis of the proposed bill, and a statement of purpose and justification.

The proposed bill covers four major types of employee moving expenses. First, with respect to transportation and storage of household goods, it would raise the current statutory limit on the weight of household goods shipped for which reimbursement can be made. Because of changes in the pattern of living of Federal employees in the 19 years since enactment of the Administrative Expenses Act, the existing limit is not adequate to cover the weight of goods shipped by a substantial proportion of Federal employees. We believe that increasing the statutory weight limit from 7,000 pounds to 11,000 pounds will more adequately reflect these changing needs. The proposed bill would also allow agencies to choose whether to ship employees' goods by Government bill of lading or under the commuted rate system now generally used, whichever is more economical.

Employees or new appointees assigned to a permanent duty station at an isolated location in the continental United States (except Alaska) where there are no residence quarters other than barracks or furnished rooms, or the like, would be reimbursed for storage of household goods for up to 3 years or could have goods stored in Government-owned facilities under regulations to be issued by the President. Alaska is excluded because storage of household goods for employees in Alaska is covered under Public Law 88-266.

Second, with respect to travel and subsistence allowances for employees and their families, the bill would permit reimbursement for the travel expenses of the immediate family while en route to the new official station (in addition to the cost of their transportation, which

is already provided), round-trip travel for the employee and his spouse to seek permanent quarters, and expenses while occupying temporary quarters for up to 30 days (or 60 days for certain locations where shipment of household goods takes more than 30 days).

All employees would not receive reimbursement for each of these types of expenses. Reimbursement would depend on actual expenses for these items, and would be limited by geographical considerations, except in the case of family travel to the new official station. House-hunting trips would be limited to the continental United States (excluding Alaska). Subsistence for temporary quarters would be limited to nonforeign areas. Reimbursement would be at rates established by regulations of the President within per diem rates prescribed in or pursuant to section 3 of the Travel Expense Act of 1949, as amended.

Third, the proposed bill would permit reimbursement for certain costs of real estate transactions in accordance with regulations to be established by the President. Expenses the employee is required to pay in selling his home at the old official station (or settling an un-expired lease) and in purchasing a home at the new official station could be reimbursed on an actual expense basis. Reimbursement would not be authorized for losses on the sale.

Fourth, employees would receive a flat allowance to cover miscellaneous expenses of their move not otherwise provided for. Single movers would receive an amount equal to 1 week's basic compensation, and employees with an immediate family would receive the equivalent of 2 weeks' basic compensation.

Although the bill is intended primarily for the benefit of civilian employees moving within the United States, a small number of employees engaged in overseas moves who are not covered by military or Foreign Service Act moving expense provisions would be covered under this bill.

They would not, however, be reimbursed under this bill for temporary quarters overseas. Also certain former employees whose moving expenses would have been paid if they could have been kept on the rolls until placed in a reduction-in-force or a transfer of function would be able to receive benefits under this bill if they obtained a nontemporary appointment to a Federal position within 6 months of their separation.

The Civil Service Commission is proposing this legislation both as a matter of equity to employees and as a matter of good administrative practice for Government. Underlying this proposal is the basic principle that when employees are transferred at the request of the Government the object is to improve the efficiency of the service. Transfers are usually made at Government convenience with respect to time, location, and frequency. Financial losses should, therefore, be largely assumed by the Government. A well-conceived and administered reimbursement plan will insure equitable treatment, encourage employees to transfer willingly, and implement internal promotion and career development programs.

We have data, obtained in a study of more than 5,000 employees, which clearly establishes that most Federal employees who move at the request of their agencies have to pay substantial costs of the types enumerated above out of their own pockets. This loss is not reimbursable despite the fact that the agency rather than the employee is

both the initiator and the prime beneficiary of the move. We believe that this situation should be corrected, and that the Government should provide its employees more substantial protection against financial hardship resulting from moves they make at its request. While the proposed legislation does not assure the elimination of all losses, it is a major step forward.

Nonreimbursable costs of moving are significant deterrents to relocation for many employees. If experienced employees are unwilling or unable to take the financial loss, their agency loses their services. The agency may have to promote less well-qualified people or spend time and money finding, hiring, and training replacements. This is poor economy in the short run and is even poorer economy in the long run, for a reasonable degree of geographic mobility is an essential element in a sound career service.

The need for greater financial assistance to employees who move is increasing. For example, the current Department of Defense program to close certain installations may lead to a substantial number of employee moves. Other agencies have also been experiencing greater needs to shift employees as a result of automation or changing organizational requirements. Changes on such a scale will frequently be too large to permit absorption of excess employees into other Federal jobs in the community. In some cases, of course, the Federal establishment being closed is the only one of its kind in the vicinity. Therefore, employees may be faced with moves to distant places if they wish to continue their Federal careers. In these circumstances, it is difficult enough for employees and their families to cut established ties and to resettle in an unfamiliar place without also having to pay out of their own pockets for ordinary, reasonable expenses associated with the move.

The proposed legislation should increase the acceptability of transfers necessary in the interest of the Government. It would bring Government's practices with respect to its civilian employees closer in line with the more progressive and realistic practices of private business. It deserves sympathetic consideration by the Congress.

In accordance with the provisions of the act of July 25, 1956 (70 Stat. 652; 5 U.S.C. 642a), we estimate the Government-wide annual cost of the proposed legislation at about \$22 million.

The proposed legislation will not involve any expenditure for personal services. Funds to pay the reimbursement authorized by the proposed legislation would be secured by the individual agencies through their regular appropriation requests to the Congress.

The Bureau of the Budget advises that enactment of the recommended bill will be consistent with the administration's objectives. A similar letter is being sent to the President of the Senate.

By direction of the Commission:

Sincerely yours,

JOHN W. MACY, JR., *Chairman.*

STATEMENT OF PURPOSE AND JUSTIFICATION OF A DRAFT BILL TO
AMEND THE ADMINISTRATIVE EXPENSES ACT OF 1946, AS AMENDED,
TO PROVIDE FOR REIMBURSEMENT OF CERTAIN MOVING EXPENSES
OF EMPLOYEES AND TO AUTHORIZE PAYMENT OF EXPENSES FOR
STORAGE OF HOUSEHOLD GOODS AND PERSONAL EFFECTS WITHIN
THE CONTINENTAL UNITED STATES

PURPOSE

To reduce financial losses incurred by employees when they are transferred in the interest of the Government.

JUSTIFICATION

When a Federal agency had decided that it is necessary or desirable to transfer an employee to another official station, the agency should pay the expenses of the move. The employee should not have to contribute, sometimes substantially, to cover the cost of a move primarily for the benefit of the Government.

Agencies move employees for two basic reasons. On the one hand changes in the amount of work, or shifts in program emphasis or organizational structure may require the transfer of people and functions. The current Department of Defense program for closing unnecessary installations in one case in point. Automation of processes in such agencies as the Internal Revenue Service is another, and there are many more. On the other hand, periodic moves of personnel are a requirement of certain kinds of occupations and agency career programs. Regular changes of duty stations are a feature of particular occupations such as bank examining, in which it is important to maintain objectivity. Certain career systems such as that of the Forest Service are built around progressive shifts of personnel to locations which have positions of greater responsibility.

Under the Administrative Expenses Act of 1946, as amended, the Government pays for some of the basic costs of moving its employees, i.e., per diem for the employee and transportation of the employee, his family, and his household goods. There is ample evidence to indicate that for most employees these payments fall substantially short of covering all the necessary and reasonable expenses related to moving. Understandably, this leads to reluctance to move. When employees are unable or unwilling to transfer, Government's efficiency drops and its costs go up. Besides losing the services of experienced employees, agencies may have to promote less well-qualified people or spend extra time and money to find, hire, and train new people to do the work. Agencies say that the certain prospect of financial losses which the employee can ill afford frequently tips the scale against the experienced employee's making the move his agency needs to have him make.

At the same time, in large scale shifts of personnel such as may occur under the current program of the Department of Defense to close installations, employees may have to make geographical moves or face protracted unemployment. This would be particularly likely for employees with substantial service who have skills which may not be readily marketable in the community where they have worked. For these employees, the difficulties of breaking long-established ties, selling their homes, and so on, would be compounded by the necessity to pay entirely out of their own resources the many expenses typically

incurred in moving that are not reimbursable under current laws. Expenses that are necessary and reasonable for employees to incur should be borne largely by management when it is in management's interest that the moves take place.

Item coverage

Studies have consistently shown that most Federal employees lose money when they move. A Commission survey of more than 5,000 employees who moved in fiscal 1962 showed for the more than 80 percent of the respondents who reported net losses an average loss of \$558 on the items covered in the survey. The object of this bill is to eliminate or reduce such losses for the following types of expenses commonly encountered by employees when they move:

1. *Transportation of household goods.*—The current reimbursable weight limit on the shipment of household goods is 7,000 pounds. About one family in five ships goods in excess of this limit and others dispose of goods they would like to keep in order to come within the limit. The bill would raise the maximum weight limit for which employees could be reimbursed to 11,000 pounds. This is the same limit in use by the military. Most employees would ship goods well within this limit. The bill also provides a technical change to authorize the use of Government bills of lading instead of the commuted rates system when employees are transferred between posts of duty in the 48 contiguous States and the District of Columbia. Prior to 1946, the Government arranged to ship household goods on Government bills of lading. This involved the Government in many administrative operations, such as negotiating and awarding contracts to carriers for transportation and accessorial services, inspecting the packing and crating operations, paying bills, auditing payments and settling loss and damage claims. The commuted rates system was authorized in section 1(b) of the Administrative Expenses Act of 1946 to simplify the administrative problem. Under this system, the employees make their own arrangements with carriers, pay for the transportation and then are reimbursed by the Government according to a scale of commuted rates. Although this system is satisfactory for many types of shipments, occasions arise when very substantial savings can be accomplished through use of the Government bill of lading system. In these instances, Government agencies should have discretionary authority to take advantage of the savings by using Government bills of lading. The system would continue to be subject to regulations of the President as at present.

2. *Family travel expenses.*—The Government does not currently reimburse employees for family travel (other than transportation) from the old official station to the new or for house hunting trips to the new station to locate permanent quarters. These expenses are commonly encountered in moving. The bill would permit per diem in lieu of subsistence for family travel to the new station. It would permit per diem and transportation for the employee and his spouse for round trip travel to find permanent quarters at the new official station, as long as the trip was within the 48 contiguous States and the District of Columbia. Per diem rates for family members would be set within the maximum rates prescribed in or pursuant to section 3 of the Travel Expense Act, as amended, and the number and length of trips to locate permanent quarters would be prescribed by regulation.

3. *Subsistence in temporary quarters.*—Temporary quarters for the employee or the employee and his family are a frequent item of necessary expense in employee moves. Under this bill employees and their immediate families who had this kind of expense would in most cases be permitted up to 30 days subsistence in temporary quarters (employees moving to or from certain enumerated areas could have up to 60 days when shipping time exceeds 30 days. Generally employees would not need to use the full period allowed.)

A flat subsistence allowance would not be paid. Reimbursement would be made only for actual subsistence expenses incurred, based on acceptable evidence, and at rates well within the limits set by reference to the maximum per diem rates prescribed in or pursuant to section 3 of the Travel Expense Act, as amended. Appropriate fractional per diem rates could be set for the spouse and other members of the immediate family, and rates diminishing over time could be established to encourage moves to permanent quarters. Reimbursement for subsistence would be allowed only for temporary quarters in the United States, the District of Columbia, the territories and possessions, Puerto Rico, and the Canal Zone.

4. *Real estate transactions.*—The expenses of selling the home and buying another were the sources of the heaviest losses reported in the Commission's survey of Federal employees. Costs of selling the old home averaged \$677 and closing costs paid by the employee on new homes averaged \$297.

The bill would permit reimbursement for such costs on an actual expense basis, including settlement of unexpired leases for employees moving from rented quarters. Reimbursement would be provided only for expenses required to be paid by the employee. Appropriate rates of reimbursement would be set by regulation to reflect standard or average charges for the locality where the expense is incurred. Allowable expenses could vary in individual cases and from place to place, but might include such items as State and local transfer taxes, necessary legal fees and broker's commissions, documentary stamps, settlement costs, title search, recording fees, and the like.

5. *Miscellaneous expenses.*—Although the major items of moving expense are identified with the areas mentioned above there are numerous contingencies and smaller items of expense which are individually not burdensome, but when taken together come to sizable amounts. Such items as losses on prepaid fees, auto registration, use taxes, connecting appliances and many others fall in this category. They are legitimate moving costs which merit reimbursement but they would be administratively burdensome to handle on an actual expense basis. Therefore, the bill proposes a flat allowance related to the principal determinants of the size of employee moving expenses, that is, salary level and family status. Employee losses on moves increase with grade level and are higher for employees with dependents than for employees without dependents. Single movers would receive the equivalent of 1 week's basic compensation and employees with an immediate family the equivalent of 2 week's basic compensation to cover these other costs of moving. A showing of actual expense would not be required.

6. *Storage of goods.*—Storage expenses for household goods of employees moving to isolated locations in the continental United States (excluding Alaska) where there are no residence quarters could be paid for up to 3 years or goods would be stored in Government-

owned facilities. In contrast to other provisions of the bill, this proposed authority for reimbursement for extended storage of household goods would not be broadly applicable to employee moves. It is a special provision designed to meet the unique situation of agencies which must assign employees for permanent duty at places where housing is not available.

The Army and the Air Force, for example, are engaged in activating missile sites at remote, sparsely populated locations. The relatively short duration of the projects to activate these sites (8 to 36 months) makes it difficult to interest builders in putting up housing. Consequently, Federal employees assigned to such locations must live in contractor-furnished trailers or similar makeshift quarters where they cannot use their household goods. The costs of storing household goods for extended periods makes employees reluctant to accept such assignments and hampers recruitment. Thus the proposed authority is intended to alleviate this situation where there are no residence quarters at the site or within reasonable commuting distance.

Employee coverage

The proposed legislation would not cover employees who are reimbursed for moving expenses under other statutes, e.g., Foreign Service personnel and other personnel who are reimbursed for moving under the terms of the Foreign Service Act. It would not apply to intermittently employed experts and consultants on per diem pay, employees transferring in their own interest, and all other persons not entitled to Government-paid travel. It would, however, apply to former employees who had been separated from the service in a reduction in force or a transfer of function and who could have been transferred at Government expense except for the fact that placement was not made prior to their separation. Persons in this situation could benefit from this bill if they obtained a nontemporary appointment to a Federal position within 6 months of the time they were separated.

Geographical coverage

The increased weight limit, per diem for family travel en route to the new official station, and the allowance for miscellaneous expenses would apply in the United States and overseas. The provision for storage of household goods would apply only to employees in the continental United States, excluding Alaska. (Employees in Alaska are covered as to storage of household goods by Public Law 88-266 of February 5, 1964.) The provision for "househunting" per diem would apply within the continental United States excluding Alaska.

The provision for reimbursement for subsistence expense in temporary quarters would apply only to employees moving to official stations within the United States (including the District of Columbia), its territories and possessions, Puerto Rico, and the Canal Zone. (Reimbursement for temporary quarters overseas is already provided by the Overseas Differentials and Allowances Act.) The provisions for reimbursement of real estate expenses would apply only in the same area as covered for subsistence in temporary quarters.

What is done for others?

There are substantial precedents for the types of reimbursement proposed in this bill. The Government already provides a special relocation allowance, equal to the basic monthly allowance for quart-

ers, for a member of the uniformed services whose dependents move when he has a permanent change of station. (Career Incentive Act of 1955, Public Law 20, 84th Cong.)

The Government already provides for officers and employees transferring under the Foreign Service Act of 1946 allowances and reimbursement covering many expenses of the kinds proposed to be covered under this bill (60 Stat. 1025, 1026, and 1027). Legislation passed in the 86th Congress provides other civilian employees assigned to foreign areas with special transfer allowances for extraordinary, necessary, and reasonable expenses, not otherwise compensated for (Public Law 86-707).

Business is far more generous in reimbursing its employees for company moves than is the Government in dealing with its civilian employees. A 1964 study of industry practice¹ confirms earlier studies by the National Industrial Conference Board and others that the great majority of businesses having specific policies on transfer expenses (generally the larger firms) do everything possible, within reason, to ease the burden on employees who are asked to move. Practically all underwrite temporary living expenses and moving and storage costs. In addition, other allowances or combinations are granted, especially in the case of management and professional employees who frequently are guaranteed against real estate losses and are afforded various types of assistance in disposing of homes and in meeting other expenses.

Administration of the proposed legislation

Regulations for administration of the proposed legislation would be issued for the President by the Director, Bureau of the Budget, who prescribes other regulations under the Administrative Expenses Act. For interagency moves, the head of the agency to which the move is made would determine whether a transfer is in the Government's interest. However, when an interagency move results from a reduction-in-force or transfer of function the transfer would be presumed in the Government's interest unless there was a specific determination otherwise and the agency losing the employee would be able to share the cost of the move. Heads of executive departments and agencies using the extended storage authority would issue implementing regulations.

Cost

Although a number of variables are involved which preclude precise cost estimates at this time the annual cost to the Government is estimated at \$22 million. Approximately 25 percent of this cost would be for transportation, travel, and subsistence expenses, approximately 33 percent for real estate expenses, and the remaining 42 percent for the miscellaneous expense allowance.

¹ American Management Association Research Study 67, "Reimbursing Personnel for Transfer and Relocation Costs."

REPORTS OF DEPARTMENTS AND AGENCIES

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., September 27, 1965.

HON. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in response to your request for the views of the Bureau of the Budget on H.R. 10607, a bill to amend the Administrative Expenses Act of 1946, as amended, to provide reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

The Bureau of the Budget recommends enactment of this bill.

H.R. 10607 would authorize the Government to pay allowances, in addition to those currently authorized under the Administrative Expenses Act of 1946, when employees are transferred to new posts of duty for the benefit of the Government. The new allowances are designed to reimburse employees more adequately for their necessary moving expenses. The Civil Service Commission conducted a survey of actual moving expenses incurred by over 5,000 employees transferred in fiscal year 1962. It showed that approximately 83 percent of these employees incurred losses averaging more than \$500 and that a significant number lost more than \$1,000 per move. The allowances authorized in the bill are based upon allowances contained in a legislative proposal which the Civil Service Commission submitted to the Congress, modified to the extent of the inclusion of certain limitations and conditions.

At present the Administrative Expenses Act authorizes reimbursement for four kinds of moving expenses, as follows:

The cost of transporting up to 7,000 pounds of household goods.

When necessary, the cost of temporary storage of the employees' household goods.

The cost of transportation of employees and their immediate families to the new duty stations.

The subsistence expenses of employees (but not of their families) while en route between the old and new duty stations.

Employees who are transferred to new duty stations in the interests of the Government incur many costs in addition to these four categories. For example, in many instances employees own more than 7,000 pounds of household goods and personal effects and must pay a portion of the carrier's bill or else dispose of part of their property before moving. In traveling to the new duty stations the families, as well as the employees, incur subsistence expenses en route, but at present the Government can reimburse only for the employees' expenses. Frequently employees must make a trip to their new stations before they are actually transferred in order to seek satisfactory permanent quarters. Also employees and their families must occupy temporary quarters, unless permanent quarters are immediately available for them upon being transferred. They also incur substantial costs in connection with selling and buying homes or in canceling leases. In addition, they incur a variety of miscellaneous expenses,

such as costs of new automobile registrations, connecting appliances, adjusting rugs and drapes, etc.

H.R. 10607 would liberalize the existing allowances in order to reimburse employees more adequately for their necessary moving expenses. We believe the Government has an obligation to pay the reasonable moving expenses of employees who are required to move at the Government's request and, hence, recommend enactment of H.R. 10607.

We wish, however, to suggest that consideration be given to a technical change in the bill for purpose of clarification. The provision for the temporary quarters allowance, beginning on line 22 of page 3, authorizes reimbursement for subsistence expenses for up to 30 days' occupancy of temporary quarters, and contains a proviso for an additional 30 days when an employee transfers to or from areas of the United States outside the contiguous 48 States and the District of Columbia. Within the proviso there is an exception which contains a limitation on the amount of reimbursement, based upon reductions in the amount depending upon the length of stay in the temporary quarters. Since the limitation appears as an exception in the proviso, it may be construed as applicable only to occupancy of temporary quarters in connection with transfers to or from Alaska, Hawaii, the territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone. The limitation was intended to apply also to transfers within the contiguous 48 States and the District of Columbia. In view thereof, we suggest that, on line 7 of page 4, the word "except" be deleted and, in lieu thereof, "*Provided further,*" be inserted. Also, on the same line, the comma should be changed to a colon and the first letter of the word "that" should be capitalized.

Enclosed is a statement explaining the allowances contained in H.R. 10607.

Sincerely yours,

PHILLIP S. HUGHES,
Assistant Director for Legislative Reference.

EXPLANATORY STATEMENT OF ALLOWANCES CONTAINED IN H.R. 10607

H.R. 10607 would liberalize the existing allowances under the Administrative Expenses Act of 1946, as amended, to authorize payment of allowances to cover the following kinds of costs:

First, the current statutory maximum weight of household goods which can be shipped at Government expense would be increased from 7,000 pounds to 11,000 pounds. The present maximum was established when the Administrative Expenses Act was enacted in 1946. Since then, most families have acquired additional household conveniences such as dishwashers, dryers, deep freezers, etc., and the 7,000-pound limit is clearly no longer adequate in many instances. The proposed statutory maximum of 11,000 pounds would be consistent with that authorized for uniformed personnel in the armed services, Coast Guard, Coast and Geodetic Survey, and Public Health Service. Unmarried employees and other employees without immediate families would not require the maximum allowance of 11,000 pounds and the bill would permit the Bureau of the Budget to continue its present practice of establishing limitations below the statutory maximum in these instances.

Second, the bill would authorize payment of a per diem allowance for members of employees' immediate families while traveling to the new official stations. At present only their transportation costs are paid by the Government. The amount of the allowance could not exceed the maximum authorized under the Travel Expense Act of 1949, as amended, for employees in travel status. The current statutory maximum in this country is \$16 per day but we contemplate that the administrative regulations would prescribe lesser allowances in appropriate instances.

Third, the bill would authorize payment of transportation expenses, and per diem allowances in lieu of subsistence expenses, for employees and their spouses for one round trip between their old and new stations for the purpose of seeking permanent residence quarters before the transfers take place. The survey conducted by the Civil Service Commission indicated that approximately 60 percent of the employees with families found it necessary to make these house-hunting trips at their own expense. The bill would authorize these trips only when both the old and new stations are located within the contiguous 48 States and the District of Columbia. Here also, the per diem allowance could not exceed the maximum authorized by the Travel Expense Act for employees in travel status. This allowance for house-hunting trips also would be subject to administrative limitations of either the Bureau of the Budget or the agency concerned in order to prevent the payment of maximum allowances under circumstances when these trips would not be necessary or when lesser allowances would be justified.

Fourth, the bill would authorize the payment of subsistence expenses of employees and their immediate families while occupying temporary quarters awaiting the opportunity to move into permanent quarters. This provision is intended to assist employees who are transferred to new duty stations under circumstances which require them to live in hotels or other temporary quarters before they can move into their new permanent quarters.

This provision would not apply when the new duty station is located in a foreign country. When the new station is located within the contiguous 48 States and the District of Columbia the employee could be reimbursed for not more than 30 days in temporary quarters. When the employee is transferred to or from Alaska, Hawaii, the Commonwealth of Puerto Rico, the Canal Zone, or the territories or possessions of the United States, reimbursement could be made for an additional 30 days. The extra period is provided because of the greater length of time required for shipment of household goods to or from these locations and the increased possibilities for delays in delivery of these shipments.

This provision would authorize reimbursement of the subsistence expenses on the actual expense incurred basis, not on the per diem basis. The maximum amounts which could be reimbursed for the employee and his immediate family could not exceed an amount based upon the maximum per diem rates authorized under the Travel Expense Act for employees in travel status. Such amount, however, would apply only for the first 10 days of occupancy of temporary quarters. For the second 10 days the amount could not exceed two-thirds of such rates, and for periods in excess of 20 days it could not exceed one-half of such rates. When appropriate, these rates could be limited further by the administrative regulations. This

descending scale of rates is intended to provide for reasonable reimbursement of subsistence expenses while encouraging employees to move into permanent quarters as soon as possible.

Fifth, the bill would authorize reimbursement of expenses actually incurred by employees in settling unexpired leases or selling their homes at the old stations and buying homes at the new stations. The provision would not apply when either the old or the new station, or both, are located in a foreign country. Employees could be reimbursed for such expenses as brokerage fees customarily charged in the locality and other normal fees usually charged in settlement of real estate transactions. Reimbursement, however, could not be made for losses incurred on the sale of a home. The Civil Service Commission study showed that approximately 1,200 of the 5,037 employees included in the test incurred selling costs averaging \$677 and about 1,000 employees incurred costs averaging \$297 on the purchase of homes at their new stations.

Sixth, the bill would authorize the payment of a cash allowance to employees to assist them in defraying a wide variety of miscellaneous expenses which are normally incurred in moving to new stations and for which reimbursement is not otherwise authorized. Employees with immediate families would receive an allowance equal to 2 weeks of their basic compensation and those without families would receive an amount equal to 1 week of their basic compensation. The amount allowed could not exceed the maximum salary rate of grade GS-13 which currently would be about \$305 for 1 week and \$610 for 2 weeks.

Seventh, employees assigned to isolated locations within the contiguous 48 States, where there are no residence quarters available other than barracks or furnished rooms, would be authorized storage of their household goods and personal effects at Government expense for as long as 3 years. The quantity stored plus the portion, if any, taken to the duty station could not exceed the maximum weight limitation of 11,000 pounds. This feature of the bill would extend to these employees a privilege which already exists for those assigned to other areas, including foreign countries.

Finally, employees who are separated from the service because of reductions in force or transfers of functions and who are reemployed within 6 months at a different geographical location would be entitled to the same allowances as if they had been transferred without a break in service.

In order to assure that the moving expenses are not paid to employees who do not intend to continue working for the Government after they have been moved, the bill provides that employees must agree in writing to remain in Government service for at least 1 year after they have moved, unless separated for reasons beyond their control and acceptable to the agency concerned. If the agreement is violated, the amounts allowed for the moving expenses must be returned to the Government.

In addition, the bill would permit the Government to exercise judgment in deciding whether the employees' household goods would be shipped within the contiguous 48 States and the District of Columbia through use of Government bills of lading on the actual expense basis or through use of the commuted rates system. The law presently authorizes the commuted rates system under which employees select the household goods carriers and are reimbursed for the costs of shipping their goods in accordance with an established

scale of allowances. These allowances are based upon commercial tariffs approved by the Interstate Commerce Commission. Although this method often is satisfactory, in some instances it is less costly for the Government to make the necessary arrangements for shipments on Government bills of lading. The bill would permit the Government to take advantage of these opportunities for reduced costs.

At present the Administrative Expenses Act provides that when employees are transferred between departments the authorized moving expenses are to be paid by the department to which the employees are transferred. The bill provides that, under administrative regulations and with certain exceptions, the moving expenses of employees could be paid in whole or in part by the department from which employees are transferred or to which they are transferred, as may be agreed upon by the heads of the departments concerned. This provision is limited to transfers resulting from reductions in force or transfers of functions.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., September 29, 1965.

HON. WILLIAM L. DAWSON,
Chairman, Committee on Government Operations,
House of Representatives.

DEAR MR. DAWSON: This is in reply to your request of June 10, 1965, for a report on H.R. 8814, your request of July 14, 1965, for a report on H.R. 9800, and your request of August 26, 1965, for a report on H.R. 10607, bills to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

The Department of Agriculture endorses the purpose of these bills but recommends enactment of H.R. 10607.

The three bills are basically the same except that H.R. 10607 contains additional limitations on the amounts of the allowances. If enacted, they would reduce the personal financial losses of employees transferred in the interest of the Government. Specifically, they would—

- (1) permit the payment of per diem to employees' dependents in addition to transportation costs;
- (2) increase from 7,000 to 11,000 pounds the statutory weight limitation on the amount of household goods that an employee may ship at Government expense;
- (3) allow for storage expenses or free storage in Government-owned facilities for a period up to 3 years of household goods of employees assigned to isolated duty stations in the 48 contiguous States;
- (4) permit payment of the expenses of the employee and his family for up to 30 days while occupying temporary quarters at the new duty station when located in the United States, its territories and possessions, Puerto Rico, and the Canal Zone, subject to an extension of an additional 30 days involving moves to or from the above locations outside the 48 contiguous States and the District of Columbia;

(5) permit payment of expenses of sale and purchase of residence, or lease settlement of rented quarters, incident to transfer from old to new duty station;

(6) permit payment of per diem and transportation expenses for the employee and his spouse, limited to moves within the 48 contiguous States and the District of Columbia, in seeking permanent residence at the new duty station;

(7) provide an allowance equal to (a) 2 weeks' pay for employees with dependents, and (b) 1 week's pay for employees without dependents, to cover contingencies and various incidental items of expense;

(8) extend coverage for payment of moving expenses to employees reappointed within 6 months following separation resulting from reduction in force or transfer of function; and

(9) allow flexibility in determining who will pay expenses in connection with transfers between departments for reasons of reduction in force or transfer of function.

Over the past several years, this Department has cooperated in several surveys of the expenses of changing duty stations. The results of the most recent of these surveys, conducted by the Civil Service Commission, show that more than four out of five employees lose money when they transfer. These losses average \$558, and approximately 17 percent of those surveyed reported losses in excess of \$1,000 each. This is a matter of major importance to employees of this Department, large numbers of whom are required to change their headquarters every year. The extent of their personal losses is indicated by our estimate that enactment of this proposed legislation would result in a cost to this Department of approximately \$3 million per year.

Attention is called to section 3 of H.R. 8814 which would make the effective date of the act retroactive to January 4, 1965. This would cause administrative difficulties in reconstructing allowances back to January 1965 and financing their payment in what would then be a preceding fiscal year.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

ORVILLE L. FREEMAN.

U.S. ATOMIC ENERGY COMMISSION,
Washington, D.C., September 30, 1965.

Hon. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives.*

DEAR MR. DAWSON: We are pleased to submit, in response to your request of August 26, 1965, the comments of the Atomic Energy Commission on H.R. 10607, a bill to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

The AEC strongly endorses this bill, which would materially alleviate the financial hardships that have occurred when Federal employees have been required to move their residences and their families upon transfer for the convenience of the Government. In so doing, the bill will facilitate AEC movement of its personnel to meet work requirements and to develop executives with wider AEC experience.

We also note with approval that the bill would authorize payment of certain expenses of employees who are transferred between Government departments as a consequence of reduction in force or transfer of functions, or who are separated for such reasons and reemployed within 6 months by a Federal agency at a different geographical location. These expenses could be paid by the department or agency from which, or to which, these employees are transferred, as may be agreed upon by the heads of the departments or agencies concerned.

H.R. 10607 differs from H.R. 8814 and H.R. 9800, bills with the same title as H.R. 10607 and on which you previously requested our comments, in several significant respects. Although all three bills authorize payment to employees of the same types of expenses, H.R. 10607 contains a number of limitations on the payments authorized which are not contained in the other two bills (H.R. 8814 and 9800 are identical except for effective date). These limitations place ceilings on (1) expenses for transportation and per diem to seek permanent residence quarters at a new official duty station; (2) subsistence expenses while occupying temporary quarters at a new official station; (3) reimbursement for brokerage fees on the sale of an employee's residence at the old official station; and (4) payment of additional basic compensation to transferred employees. In addition, H.R. 10607 requires, as a prerequisite to obtaining the benefits of the act, that an officer or employee agree in writing to remain in the Government service for 12 months following his transfer. The AEC believes that the ceilings in H.R. 10607 will reduce the cost of this legislation, and that the 12-month agreement will serve to prevent abuses in the reimbursement of employees' moving expenses. The AEC prefers the prospective effective dates of H.R. 10607 and H.R. 9800 to the retroactive effective date contained in H.R. 8814.

We suggest for your consideration certain technical changes in H.R. 10607. These changes are set forth in the attachment to this letter.

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

DWIGHT INK,
Assistant General Manager.

SUGGESTED TECHNICAL CHANGES TO H.R. 10607

The Commission suggests that the following revisions be made in H.R. 10607 as introduced:

1. It is not clear whether the exception contained on page 4, lines 7 to 17, applies to all of the subsistence expenses provided for in the proposed section 23(3) of the Administrative Expenses Act of 1946, as amended, or only to those expenses payable to officers or employees who move to or from Hawaii, Alaska, U.S. territories or possessions, The Commonwealth of Puerto Rico, and the Canal Zone. The

exception would appear meaningful only if it had overall applicability. If overall applicability is intended, the comma after the word "Zone" on page 4, line 7, should be replaced by a colon, and the word "except" on this same line should be replaced by the language "Provided further".

2. The parenthesis which begins on page 3, line 25, has not been closed. We suggest that the closing parenthesis be inserted following the word "Columbia" on page 4, line 1.

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., August 31, 1965.

HON. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in reply to your request of August 26, 1965, for the views of the Civil Service Commission on H.R. 10607, a bill to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

In most respects H.R. 10607 is identical to the Commission's proposal on employee moving expenses which was submitted to the Congress on May 20, 1965, in accordance with the President's message of May 12, 1965. However, certain additions and improvements have been incorporated in this bill as follows:

1. In new section 23(2), relating to reimbursement for house-hunting, a proviso has been added limiting the number of househunting trips to one for each change of station.

2. In new section 23(3), relating to reimbursement for temporary quarters, language has been added to limit the period for which maximum per diem rates under the Travel Expense Act could be allowed to the first 10 days, with a maximum of two-thirds allowable for the next 10 days, and a maximum of one-half allowable for the remaining 10 days and any part of the additional 30 days which might be required in the case of employees moving to Hawaii, Alaska, and so on.

3. New section 23(4) relating to real estate costs contains added language limiting reimbursable fees to those customarily charged in the locality.

4. New section 24 relating to the flat allowance contains clarifying language providing that the allowance will be granted to the extent deemed necessary and appropriate. This section also has an added proviso limiting the maximum allowance to the maximum rate of grade GS-13 under the Classification Act of 1949, as amended.

5. The bill contains an added new section 28 which would require that employees who wish to be reimbursed for moving costs when they are transferred must agree to remain in the Federal service for 1 year following transfer or become liable to repay the amounts they have received.

The Commission does not object to these changes and, therefore, strongly endorses H.R. 10607.

The Bureau of the Budget advises that enactment of the bill will be consistent with the administration's objectives.

By direction of the Commission:

Sincerely yours,

JOHN W. MACY, Jr., *Chairman.*

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., September 10, 1965.

HON. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: Your letter of August 26, 1965, requests our report upon H.R. 10607, 89th Congress, which is designed to liberalize the benefits payable under the Administrative Expenses Act of 1946, as amended, to an employee when he is transferred from one official station to another in the interest of the United States.

H.R. 10607 is similar to H.R. 8814 and H.R. 9800, of the 89th Congress, upon which we submitted reports to your committee dated July 14 and July 22, 1965, respectively (B-149785).

We have made no specific study of the costs incurred by Government employees incident to changes in official stations. While we agree in principle that employees should be adequately reimbursed for the expenses incurred incident to transfers of official stations for the convenience of the Government, we recognize that the bill involves a matter of policy for determination by the Congress and, therefore, we offer no recommendation either for or against enactment.

However, we believe enactment of the bill will result in greater willingness of employees of our office to accept transfers to and from field stations and will, therefore, contribute toward more effective administration of our functions.

We note that section 1 of the bill would increase the maximum net weight allowance on household effects that could be transported at Government expense incident to a change of official station from 7,000 to 11,000 pounds. This limitation applies uniformly to all employees reimbursed under the Administrative Expenses Act of 1946, as amended, regardless of grade. In addition, this section would allow agencies to pay the actual expenses of transportation, packing, etc., of household goods and personal effects rather than to require payment under the present commuted rate system on transfers of stations between points in the continental United States when more economical to the Government.

Section 2 of the bill would add a new section (sec. 23) to the Administrative Expenses Act of 1946, as amended. The new section 23 would authorize the issuance of Presidential regulations increasing existing benefits in four ways:

Paragraph 1 would authorize the payment of a per diem allowance in lieu of subsistence for the immediate family of an employee while en route between the old and new official station of the employee. The benefit payable under this paragraph is comparable with that payable under existing law to employees subject to the Uniform State/Aid/USIA Foreign Service travel regulations.

Paragraph 2 would authorize the payment of a per diem allowance for an employee and his spouse together with the cost of transportation

incident to their locating permanent residence quarters at his new station provided the old and new stations are in the United States. The authority under this paragraph is limited to one round trip for each change of station. In our reports of July 14 and July 22, 1965, on similar provisions we recommended that a limitation be included so that entitlement to reimbursement thereunder would be limited to one round trip per change of station. While the present language of paragraph 2 adequately implements the recommendations made in our previous reports it occurs to us that you may wish to consider placing an additional limitation on the authority contained in such paragraph. Specifically, you may wish to limit the number of days for which per diem might be paid incident to locating permanent residence quarters at the new station. Such a limitation could be included in the law itself or in the regulations issued under the law.

Paragraph 3 would authorize reimbursement (within the limits specified therein) for the actual expenses of subsistence of the employee and his immediate family for a period up to 30 days while occupying temporary quarters at a new station within the United States. The paragraph also would authorize reimbursement for an additional period—not in excess of 30 days—when the transfer of station is to or from certain enumerated areas. Paragraph 3 now provides for a one-third reduction in the per diem rate at the end of 10 days and for another one-third reduction in such rate at the end of 20 days. These limitations (reductions) reasonably may be expected to induce employees to exercise due diligence in procuring permanent residence quarters at their new stations and are consistent with our concept as to how the provision should operate.

Paragraph 4 would authorize reimbursement for the expenses of the sale of the residence or settlement of an unexpired lease of an officer or employee at his old station and expenses incurred incident to the purchase of a home at a new station. This paragraph now limits brokerage fees on the sale of residence to such fees that are customarily charged in the locality where the residence is located. In order to insure that not only brokerage fees but other charges incident to the disposition of the old residence and the acquisition of the new residence should not exceed customary local charges for the services involved, we suggest that line 25, page 4, and line 1, page 5, be reworded as follows: "Zone, but reimbursement for brokerage fees on the sale of the residence and other expenses under this subsection shall not exceed those customarily."

Section 2 of the bill also would add a new section (sec. 24) to the Administrative Expenses Act of 1946, providing authority under regulations to be issued by the President to pay a flat allowance—2 weeks' compensation for an employee with family and 1 week's compensation for a single employee—that is designed to cover miscellaneous expenses incident to a transfer of official station. Under this paragraph an employee could receive a flat amount of as much as \$609—based on current pay rates—to cover miscellaneous expenses. In view of the other beneficial provisions contained in the bill we are not aware of what miscellaneous expenses normally could approach the maximum flat allowance that would be allowable under the bill. We point out, in that regard, that incident to a permanent change of station a member of the uniformed services with dependents receives a dislocation allowance equal to his basic allowance for quarters. The amount of such dislocation allowance varies from a minimum of

\$45 to a maximum of \$201, and no allowance is payable to a member without dependents. Similarly, we note that a transfer allowance to cover miscellaneous expenses incident to assignments to foreign areas is authorized under the standardized regulations (Government civilians, foreign areas). Such allowance varies from \$75 for single employees to \$175 for employees having more than one member of a family. Thus, it appears to us that the maximum allowance provided under the bill may be out of line with the similar allowances payable to members of the uniformed services and those employees who would be subject to the standardized regulations (Government civilians, foreign areas). Moreover, as indicated above, we have seen no specific information which justifies a \$609 maximum allowance.

On May 21, 1964, we issued a report (B-146886) entitled "Excessive Relocation Payments to Employees Transferred from One Company Location to Another by Lockheed Missiles & Space Co." Our examination of actual relocations revealed that the category of expense generally identified as incidental costs normally incurred in relocation did not justify large lump-sum payments. Most of the other contractors included in our review did not provide for any reimbursement of miscellaneous costs by a lump-sum payment but limited such reimbursement to actual costs. As a result of our finding, Lockheed revised its policy to authorize a flat sum relocation payment of \$100 for miscellaneous costs normally associated with establishment of a permanent residence. We are of the opinion that consideration could be given to setting a lower limit on the flat allowance.

The dislocation allowance for military personnel is currently held by the Internal Revenue Service to be gross income for tax purposes. We note that H.R. 3817 has been introduced to exclude this allowance from gross income for tax purposes. Since the relocation allowance for employees is comparable, we believe that the proposed bill, or other legislation, should clarify its status for income tax purposes as well as the reimbursements for real estate transactions under paragraph 4 of section 23.

We believe that serious consideration should be given to the effect of the proposed bill on Government policies with respect to allowability of costs under defense and aerospace contracts. The proposed bill will permit reimbursement to Government employees for types of costs not reimbursable under certain cost reimbursement contracts to which the Armed Services Procurement Regulations (ASPR) apply. ASPR states that costs of acquiring a new house at a new location are not allowable whereas the proposed bill provides for reimbursement. ASPR limits payment of per diem to 30 days, including advance trip time, whereas the proposed bill allows payments up to 60 days in certain circumstances. ASPR limits costs incident to disposition of housing to 8 percent of the selling price of the property sold whereas the proposed bill has no limitation. The passage of the proposed bill will likely bring pressure from Defense contractors to revise ASPR to fall in line with the policy of the Government toward its own employees. Such an ASPR revision may result in substantially increased costs to the Government.

We have no comment on the proposed new sections 25, 26, 27, and 28 to the Administrative Expenses Act other than to note that the 1-year service requirement, and the resulting indebtedness in the event of a violation thereof, is consistent with the congressional policy as presently expressed in sections (1) and (7) of the Adminis-

trative Expenses Act of 1946, for transfers or appointments to posts of duty outside the United States and to certain new hirees appointed for duty in the United States.

Concerning the other matters contained in our reports of July 14 and July 22, 1965, we would have no objection to leaving such matters to the discretion of the President in issuing his regulations under the act.

Sincerely yours,

FRANK H. WEITZEL,
Acting Comptroller General of the United States.

THE SECRETARY OF DEFENSE,
Washington, October 2, 1965.

HON. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: I understand that the subcommittee of the Government Operations Committee which has had under consideration H.R. 10607 has completed its work and reported the bill favorably to your full committee.

This legislation is strongly supported by the Department of Defense. Our current program for eliminating surplus military installations and consolidating activities results in the movement of thousands of civilian employees from one geographic area to another. Some of these employees move because of the transfer of their functions; others move because, under our program of assistance to displaced employees, jobs have been found for them at other locations.

Under current law many of these employees suffer rather severe financial losses as a result of these moves. They are forced to contribute from their own resources, sometimes substantially, to cover the costs of a move which is primarily for the benefit of the Government and for which the legitimate expenses should be borne by the Government.

Faced with this situation an employee offered another job at a different location has a difficult choice to make. If he turns down the offer he may be unable to continue in Federal employment; if he accepts he may be required to incur personal costs which he cannot afford. Further, the mere fact that legislation such as H.R. 10607 is pending causes the employee to want to delay his choice until the bill is enacted, this adversely affecting the program of this Department to provide job opportunities to its displaced civilian personnel.

Enactment of H.R. 10607 will provide reasonable reimbursement to Government employees who are transferred from one geographic location to another in the interest of the Government. This relief is needed now, however, and any delay in the enactment of the legislation will produce further inequities and hinder the efforts of this Department to find other jobs for its displaced employees.

I therefore urge that your committee take favorable action on this bill as promptly as possible, in the interest of facilitating its enactment during the current session of the Congress. Your assistance will be of material benefit to the Department of Defense and to the thousands

of civilian employees who will otherwise suffer financial losses which they should not be required to bear.

Sincerely,

ROBERT S. McNAMARA.

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE,
Washington, D.C., September 1, 1965.

HON. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This refers to your request for the views of the Department of Defense on H.R. 10607, 89th Congress, a bill to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

The bill would apply to a civilian officer or employee who, in the interest of the Government, is transferred to a place other than the one in which he has been living and working. It covers four major types of moving expenses.

First, it would raise the current statutory limit on the weight of household goods shipped, for which reimbursement can be made, from 7,000 pounds to 11,000 pounds. Also employees or new appointees assigned to a permanent duty station at an isolated location in the continental United States (except Alaska) where there are no residence quarters other than barracks or furnished rooms or the like, would be reimbursed for storage of household goods or could have such goods stored in Government-owned facilities.

Second, with respect to travel and subsistence allowances for employees and their families, the bill would permit reimbursement for the travel expenses of the immediate family while en route to the new official station (in addition to the cost of their transportation which is already provided), one round-trip travel for the employee and his spouse to seek permanent quarters, and expenses and subsistence while occupying temporary quarters for up to 30 days (or 60 days for certain locations).

Third, the proposed bill would permit reimbursement for certain costs of real estate transactions. Expenses the employee is required to pay in selling his home at the old official station (or settling an unexpired lease) and in purchasing a home at the new official station could be reimbursed on an actual expense basis subject to certain limitations.

Fourth, employees would receive a flat allowance to cover miscellaneous expenses of their move not otherwise provided for. Single movers would receive an amount equal to 1 week's basic compensation and employees with an immediate family would receive the equivalent of 2 weeks' basic compensation not to exceed payment at the maximum rate of grade GS-13 in the general schedule of the Classification Act of 1949, as amended.

Certain former employees whose moving expenses would have been paid if they could have been kept on the rolls until placed in a reduction in force or a transfer of function, would be able to receive benefits

under the bill if they obtained a nontemporary appointment to Federal positions within 6 months of their separation.

To be eligible for the allowances provided by H.R. 10607, an employee must agree in writing to remain in the Government service for 12 months following his transfer unless separated for reasons beyond his control and acceptable to the department or agency concerned.

Each year the Department of Defense transfers large numbers of its civilian personnel from one official station to another. Such transfers result primarily from: (1) Periodic moves which are a requirement of certain kinds of occupations and career programs; (2) transfers of functions; and (3) the closing of unnecessary installations. Under current law, the Government pays for some of the basic costs of moving these employees. However, there is ample evidence to indicate that for most employees these payments fall substantially short of covering all the necessary and reasonable expenses related to moving. This is illustrated by a Civil Service Commission study of more than 5,000 employees who moved in fiscal 1962, which shows a net loss of \$558 on the items covered in the survey for the more than 80 percent of the respondents who reported.

The Department of Defense has received numerous reports of significant losses from employees transferred in connection with the current base closure program resulting from the inadequate weight limitation on the shipment of household effects, expenses of dependents during actual travel, and the incidental expenses incurred as a result of the necessity to occupy temporary quarters pending location of permanent quarters. This Department strongly supports the principle that when a Federal agency decides that it is necessary or desirable to transfer an employee to another official station, the agency should pay the expenses of the move. The employee should not have to contribute, sometimes substantially, to cover the cost of a move primarily for the benefit of the Government.

On May 20, 1965, the Chairman of the Civil Service Commission transmitted to the Congress a legislative proposal which was designed specifically to correct these deficiencies. The Department of Defense was consulted in the development of that proposal and concurred in its submission. H.R. 10607 is essentially the same as the Commission proposal except for certain reasonable limitations and the addition of the requirement that employees agree to remain in the Government service for 1 year to be eligible for the new benefits. The Department of Defense supports the provisions of H.R. 10607 and strongly favors their enactment. This report has been coordinated within the Department in accordance with procedures prescribed by the Secretary of Defense.

COST AND BUDGET DATA

It is estimated that the enactment of H.R. 10607 would result in an annual increase of \$25 million in budgetary requirements of the Department of Defense.

The Bureau of the Budget advises that, from the standpoint of the administration's program, there is no objection to the presentation of this report for the consideration of the committee.

Sincerely,

L. NIEDERLEHNER,
Acting General Counsel.

FEDERAL AVIATION AGENCY,
Washington, D.C., September 27, 1965.

HON. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives,
Washington, D.C.*

DEAR MR. CHAIRMAN: This is in reply to your request for the views of this Agency with respect to H.R. 8814, H.R. 9800, and H.R. 10607, bills to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

Under current authority, the Government is unable to reimburse transferred employees for many of the costs normally incurred in moving. Thus while employees are usually transferred at the request of and in the interest of the Government, they frequently must personally bear the burden of substantial monetary loss involved in such moves. The prospect of personal monetary loss understandably affects the employee's willingness to relocate with the result that work-force mobility, essential to this Agency's widely dispersed operations, is impaired.

During his years of service with the Government, a career employee may be asked to relocate several times. Inability on the part of the Government to pay the reasonable costs of those moves poses a serious obstacle to the promotion of a sound career service. We believe that the attractiveness of a Government career would be increased if the Government were able to assume more of the ordinary and necessary moving expenses of the transferred employee.

We urge the enactment of H.R. 10607. The benefits provided in it will contribute significantly to work-force mobility and the promotion of a career service by providing additional moving allowances which will more adequately and more equitably reimburse the transferred employee for his moving costs.

The Bureau of the Budget has advised that there is no objection from the standpoint of the administration's program to the submission of this report to your committee.

Sincerely,

D. D. THOMAS,
Acting Administrator.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
Washington, September 27, 1965.

HON. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This letter is in response to your request of August 26, 1965, for a report on H.R. 10607, a bill to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

The bill would provide for increased allowances to cover moving expenses of employees transferred in the interest of the Government to a different geographical location, as follows:

1. Increase the weight limitation for shipment of household goods from 7,000 to 11,000 pounds.

2. Permit payment of actual expenses rather than a commuted allowance for shipment of household goods within the continental United States when the head of the agency determines that such method of payment is more economical.

3. Permit payment of per diem allowances in lieu of subsistence expenses for the immediate family.

4. Permit payment of round-trip transportation and expenses of per diem allowances in lieu of subsistence for the employee and his spouse to seek a permanent residence upon transfer within the continental United States.

5. Permit payment of subsistence expenses of the employee and his immediate family for 30 days while they are occupying temporary quarters, with some provision for extension for an additional 30 days.

6. Permit payment of the expenses of the sale of the old residence and purchase of the new home.

7. Permit payment of an amount equal to (a) 2 weeks' basic compensation for employees with an immediate family and (b) 1 weeks' basic compensation for employees without a family, subject in either case to the maximum rate of pay for GS-13.

8. Permit nontemporary storage of household goods and personal effects of employees assigned to permanent duty at an isolated location.

9. Permit payment of expenses in whole or in part by the agency from which or to which the employee is transferring, as may be agreed upon by the heads of the agencies concerned, when transfer is for reasons of reduction in force or transfer of functions.

10. Permit payment of expenses of a former employee separated by reason of reduction in force or transfer of function and reemployed within 6 months at a different geographical location.

11. Require that employees receiving change-of-station expenses and allowances agree in writing to remain in the Government service for 12 months following transfer, unless separated for reasons beyond their control and acceptable to the agency concerned.

The Government now pays some of the basic moving expenses of employees who must relocate in the interest of the Government. Under existing legislation most employees who are transferred from one location to another are not fully reimbursed for expenses reasonably attributable to the transfer. Enactment of the proposed legislation would remove the most significant financial hardships associated with any major household move and would clearly be in the interest of sound administrative practice. We would therefore recommend that the bill be enacted.

We are advised by the Bureau of the Budget that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely,

WILBUR J. COHEN,
Under Secretary.

THE GENERAL COUNSEL OF THE TREASURY,
Washington, D.C., September 23, 1965.

HON. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: Reference is made to your request for the views of this Department on H.R. 10607, to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

The proposed legislation incorporates an amended version of a draft bill submitted to the Congress by the Civil Service Commission.

The Department recommends the enactment of H.R. 10607.

The Department has been advised by the Bureau of the Budget that there is no objection from the standpoint of the administration's program to the submission of this report to your committee.

Sincerely yours,

FRED B. SMITH,
Acting General Counsel.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

ADMINISTRATIVE EXPENSES ACT OF 1946

AN ACT To authorize certain administrative expenses in the Government service, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) under such regulations as the President may prescribe, any civilian officer or employee of the Government who, in the interest of the Government, is transferred from one official station to another, including transfer from one department to another, for permanent duty, shall, except as otherwise provided herein, when authorized or approved by such subordinate official or officials of the department concerned as the head thereof may designate for the purpose, be allowed and paid from Government funds the expenses of travel of himself and the expenses of transportation of his immediate family (or a commutation thereof in accordance with [the Act of February 14, 1931] section 4 of the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 837)) and the expenses of transportation, packing, crating, temporary storage, drayage, and unpacking of his household goods and personal effects (not to exceed [seven] eleven thousand pounds net weight): Provided, That advances of funds may be made to the officer or employee in accordance with said regulations under the same safeguards as are required under [the Subsistence Expense Act of 1926 (5 U.S.C. 828)] section 5 of the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 838): Provided further, That the allowances herein authorized shall not be

applicable to officers and employees transferred in accordance with the provisions of the Foreign Service Act of 1946: *Provided further*, That no part of such expenses (including those of officers and employees of the Foreign Service, Department of State) shall be allowed or paid from Government funds where the transfer is made primarily for the convenience or benefit of the officer or employee or at his request: *Provided further*, That in case of transfer from one department to another such expenses shall be payable from the funds of the department to which the officer or employee is transferred: *And provided further*, That expenses of travel and transportation in connection with the transfer of officers and employees to posts of duty outside the continental limits of the United States and return therefrom shall be allowed to the same extent and subject to the same limitations prescribed for new appointees under section 7 of this Act.

(b) In lieu of the payment of actual expenses of transportation, packing, crating, temporary storage, drayage, and unpacking of household goods and personal effects, in the case of such transfers between points in continental United States, reimbursement shall be made to the officer or employee on a commuted basis (not to exceed the amount which would be allowable for the authorized weight allowance) at such rates per one hundred pounds as may be fixed by zones in regulations prescribed by the President, *except that payment of actual expenses may be made whenever, under regulations prescribed by the President, the head of the agency determines that such method of payment is more economical to the Government*. Under such regulations as the President may prescribe, any civilian officer or employee who transports a house trailer or mobile dwelling within the continental United States, within Alaska, or between the continental United States and Alaska, for use as a residence and who would otherwise be entitled to transportation of household goods and personal effects under subsection (a) shall be entitled to a reasonable allowance, not to exceed 20 cents per mile, in lieu of the transportation to which he would otherwise be entitled under subsection (a) of this section, to a reasonable allowance, not to exceed 20 cents per mile for transportation of the house trailer or mobile dwelling if such trailer or dwelling is transported by such officer or employee, or, if such trailer or dwelling is not so transported by such officer or employee, to commercial transportation of the house trailer or mobile dwelling, at Government expense, or reimbursement to such officer or employee therefor, including the payment of necessary tolls, charges, and permit fees, except that no payment under this sentence shall exceed the maximum payment to which such officer or employee would otherwise be entitled under this section for transportation and temporary storage of his household goods and personal effects in connection with this transfer.

(c) Funds available for travel expenses of civilian officers and employees shall also be available for the expenses of the transportation of their immediate families, and funds available for the transportation of things shall also be available for the transportation of household goods and effects, as authorized by this Act.

(d) When civilian officers and employees of the United States are on duty at places designated by the heads of their respective departments or agencies as within zones from which their immediate families should be evacuated for military or other reasons which create imminent danger to life or property, or adverse living conditions seriously affecting the health, safety, or accommodations of said families, or

upon transfer or assignment to duty of such civilian officers and employees to places where their immediate families are not, for the aforesaid reasons, permitted to accompany them, their immediate families and household goods may be transported at Government expense under such regulations as the heads of their respective departments and agencies may prescribe, to such location as may be designated by the civilian officer or employee concerned or by the immediate families of such officers and employees when circumstances prevent the officers and employees from designating such locations or when it is administratively impracticable to determine the intent of the officers or employees in this respect: *Provided*, That if such location designated by either the officers or employees or their immediate families is within an area to which such movement is prohibited for the aforesaid reasons, an alternate location may be designated by either the officers or employees concerned or their immediate families: *And provided further*, That such immediate families and household goods may later be transported at Government expense from the designated location or alternate location authorized in this subsection to a duty station to which the officers or employees concerned are assigned, and to which the above restrictions do not apply.

(e) Whenever any civilian officer or employee (including any new appointee in accordance with section 7 of this Act) is assigned to a permanent duty station outside the continental United States to which he cannot take or at which he is unable to use his household goods, and personal effects or whenever the head of the department concerned authorizes storage of any such property in the public interest or for reasons of economy, storage expenses (including related transportation and other expenses) may be allowed such officer or employee in accordance with regulations prescribed by the President; but in no instance shall the weight of the property stored under this subsection, together with the weight of property transported under subsection (a), exceed the maximum weight limitation provided by subsection (a).

(f) Under such regulations as the President may prescribe, the privately owned motor vehicle of any employee (including any new appointee, in accordance with section 7 of this Act) assigned to a post of duty outside the continental United States on other than temporary duty orders may be transported to, from, and between the continental United States and such post of duty, or between posts of duty outside the continental United States, whenever it is determined by the head of the department concerned to be in the interest of the Government for such employee to have the use of a motor vehicle at his post of duty. Not more than one motor vehicle of any employee may be transported under authority of this subsection during any four-year period, except that, as a replacement for such motor vehicle, one additional motor vehicle of any employee may be so transported during such period upon approval, in advance, by the head of the department concerned and upon a determination, in advance, by such department head that such replacement is necessary for reasons beyond the control of the employee and is in the interest of the Government. After the expiration of a period of four years following the date of transportation under authority of this subsection of a privately owned motor vehicle of any employee who has remained in continuous service outside the continental United States during such period, the transportation of a replacement for such motor vehicle for such employee may be authorized, in accordance with this subsection, by the head of the department

concerned. The head of each department may, in accordance with this subsection, authorize the transportation of privately owned motor vehicles of employees of such department, assigned to duty outside the continental United States, by commercial means if available at reasonable rates and under reasonable conditions or by Government means on a space-available basis. This subsection shall not apply to the Foreign Service of the United States under the Department of State and to the Central Intelligence Agency but shall not affect the authority contained in section 913 of the Foreign Service Act of 1946 (60 Stat. 1027; 22 U.S.C. 1138) or paragraph (4) of section 4 of the Central Intelligence Agency Act of 1949 (63 Stat. 210, 72 Stat. 337; 50 U.S.C. 403e(a)(4)). For the purposes of this subsection and subsection (e), Alaska shall be considered to be outside the continental limits of the United States.

SEC. 2. * * *.

(Executed and obsolete.)

SEC. 3. * * *.

(Repealed and obsolete.)

SEC. 4. * * *.

(Executed.)

SEC. 5. Persons in the Government service employed intermittently as consultants or experts and receiving compensation on a per diem when actually employed basis may be allowed travel expenses while away from their homes or regular places of business, including per diem in lieu of subsistence while at place of such employment, in accordance with the Standardized Government Travel Regulations, Subsistence Expense Act of 1926, as amended (5 U.S.C. 821-833), and the Act of February 14, 1931, as amended by this Act, and persons serving without compensation or at \$1 per annum may be allowed, while away from their homes or regular places of business, transportation in accordance with said regulations and said Act of February 14, 1931, as so amended, and not to exceed \$16 per diem within the limits of the continental United States and beyond such limits, not to exceed the rates of per diem established pursuant to section 3 of the Travel Expense Act of 1949, as amended (5 U.S.C. 836) in lieu of subsistence en route and at place of such service or employment unless a higher rate is specifically provided in an appropriation or other Act: *Provided*, That where due to the unusual circumstances of a travel assignment the maximum per diem allowance would be much less than the amount required to meet the actual and necessary expenses of the trip, the heads of departments and establishments may, in accordance with regulations promulgated by the Director, Bureau of the Budget, pursuant to section 7 of the Travel Expense Act of 1949, as amended (5 U.S.C. 840), prescribe conditions under which reimbursement for such expenses may be authorized on an actual expense basis not to exceed a maximum amount to be specified in the travel authorization, but in any event not to exceed, for each day in travel status, (1) the amount of \$30, within the limits of the continental United States, or (2) the sum of the maximum per diem allowance plus \$10, for travel outside such limits.

SEC. 6. Section 10 of the Act of March 3, 1933 (5 U.S.C. 73b), is hereby amended to read as follows:

"SEC. 10. Whenever by or under authority of law actual expenses for transportation may be allowed, such allowances shall not exceed the lowest first-class rate by the transportation facility used in such

transportation unless it is certified, in accordance with regulations prescribed by the President, that lowest first-class accommodations are not available or that use of a compartment or such other accommodations as may be authorized or approved by the head of the agency concerned or such subordinates as he may designate, is required for purposes of security."

SEC. 7. (a) Appropriations for the departments shall be available, in accordance with regulations prescribed by the President, for expenses of travel of new appointees, expenses of transportation of their immediate families and expenses of transportation of their household goods and personal effects from places of actual residence at time of appointment to places of employment outside continental United States, and for such expenses on return to employees from their posts of duty outside continental United States to the places of their actual residence at time of assignment to duty outside the United States: *Provided*, That such expenses of travel and transportation to posts of duty outside the continental United States shall not be allowed unless and until the person selected for appointment shall agree in writing to remain in the Government service for twelve months following his appointment, or, in the case of a person employed in a teaching position (other than as a substitute) in the Department of Defense under the Defense Department Overseas Teachers Pay and Personnel Practices Act (5 U.S.C. 2351, and the following), for a minimum period of one school year as determined under such Act, unless separated for reasons beyond his control and acceptable to the department or agency concerned and in case of violation of such agreement any moneys expended by the United States on account of such travel and transportation shall be recoverable from the individual concerned as a debt due the United States: *And provided further*, That expenses of return travel and transportation upon separation from the service shall be allowed whether such separation is for the purposes of the Government or for personal convenience, but shall not be allowed unless such persons selected for appointment outside the continental United States shall have served for a minimum period of not less than one nor more than three years prescribed in advance by the head of the department or agency concerned or, in the case of a person employed in a teaching position (other than as a substitute) in the Department of Defense under the Defense Department Overseas Teachers Pay and Personnel Practices Act (5 U.S.C. 2351, and the following), for a minimum period of one school year as determined under such Act, or unless separation is for reasons beyond the control of the individual and acceptable to the department or agency concerned: *Provided further*, That expenses of round trip travel of employee and transportation of immediate family but excluding household effects, from their posts of duty outside the continental United States to the places of actual residence at time of appointment or transfer to such overseas posts of duty, shall be allowed in the case of persons who have satisfactorily completed an agreed period of service overseas and are returning to their actual place of residence for the purpose of taking leave prior to serving another tour of duty at the same or some other overseas post, under a new written agreement entered into before departing from the overseas post: *Provided further*, Any officer or employee of the United States appointed by the President, by and with the advice and consent of the Senate, to serve for a term fixed by law, whose post of duty is outside the continental United States, shall

be allowed expenses of round trip travel for himself and transportation of his immediate family, but excluding household effects, from his post of duty outside the continental United States to the place of his actual residence at the time of his appointment to such overseas post of duty, at the end of each two years of satisfactory service completed overseas, if he is returning to his actual place of residence for the purpose of taking leave prior to serving at least two more years of overseas duty: *Provided further*, That expenses of transportation of the immediate family and shipment of household effects of any employee from the post of duty of such employee outside continental United States to place of actual residence shall be allowed, not in excess of one time, prior to the return of such employee to the United States, including its Territories and possessions, when the employee has acquired eligibility for such transportation or when the public interest requires the return of the immediate family for compelling personal reasons of a humanitarian or compassionate nature, such as may involve physical or mental health, death of any member of the immediate family, or obligation imposed by authority or circumstances over which the individual has no control: *And provided further*, That when an employee returns his immediate family and household goods to the United States, including its Territories and possessions, at his own expense prior to his return and for other than reasons of public interest, the Government shall reimburse him for proper transportation expenses at such time as he acquires eligibility therefor.

(b) Appropriations for the departments shall be available in accordance with regulations prescribed by the President, for expenses of travel of persons appointed, and of student trainees when assigned upon completion of college work, to positions in the United States for which there is determined by the Civil Service Commission to be a manpower shortage, and for expenses of transportation of their immediate families and their household goods and personal effects and for advances of funds to the extent authorized by section 1 (a) and (b) of this Act, from their places of actual residence at time of selection or assignment to their duty station. Travel and transportation expenses shall not be paid upon assignment of a student trainee after completion of college work if such expenses were paid upon his appointment as a student trainee. Such travel expenses may include per diem and mileage allowance as provided for civilian officers and employees by the Travel Expense Act of 1949, as amended. Travel and transportation expenses may be allowed whether the person selected has been appointed or not at the time of such travel. However, the travel and transportation expenses authorized by this subsection shall not be allowed unless the person selected or assigned shall agree in writing to remain in the Government service for twelve months following his appointment or assignment unless separated for reasons beyond his control and acceptable to the department or agency concerned. In case of violation of such agreement, any moneys expended by the United States on account of such travel and transportation shall be recoverable from the individual concerned as a debt due the United States.

(c) The authority of the Civil Service Commission to determine for purposes of this Act positions for which there is a manpower shortage shall not be delegated.

(d) Nothing contained in this section shall impair or otherwise affect the authority of any department under existing law to pay travel

and transportation expenses of persons designated in subsection (b) hereof.

SEC. 8. * * *

(Obsolete.)

SEC. 9. (a) Section 3709 of the Revised Statutes of the United States is hereby amended to read as follows:

"Unless otherwise provided in the appropriation concerned or other law, purchases and contracts for supplies or services for the Government may be made or entered into only after advertising a sufficient time previously for proposals, except (1) when the amount involved in any one case does not exceed \$2,500, (2) when the public exigencies require the immediate delivery of the articles or performance of the service, (3) when only one source of supply is available and the Government purchasing or contracting officer shall so certify, or (4) when the services are required to be performed by the contractor in person and are (A) of a technical and professional nature or (B) under Government supervision and paid for on a time basis. Except (1) as authorized by section 29 of the Surplus Property Act of 1944 (50 U.S.C. App. 1638), (2) when otherwise authorized by law, or (3) when the reasonable value involved in any one case does not exceed \$500, sales and contracts of sale by the Government shall be governed by the requirements of this section for advertising."

(b) Exemptions from section 3709, Revised Statutes, in other law in amounts of \$100 or less are hereby repealed.

(c) In the case of wholly owned Government corporations, this section shall apply to their administrative transactions only.

SEC. 10. Whenever a department is authorized by law to hold hearings and to subpoena witnesses for appearance at said hearings, witnesses summoned to and attending such hearings shall be entitled to the same fees and mileage, or expenses in the case of Government officers and employees, as provided by law for witnesses attending in the United States courts.

SEC. 11. The first sentence of section 3648 of the Revised Statutes (31 U.S.C. 529) is hereby amended to read as follows:

"No advance of public money shall be made in any case unless authorized by the appropriation concerned or other law."

SEC. 12. The head of any department may delegate to subordinate officials (1) the power vested in him by law to take final action on matters pertaining to the employment, direction, and general administration of personnel under his department; (2) the authority vested in him by section 3683 of the Revised Statutes (31 U.S.C. 675) to direct the purchase of articles from contingent funds; and (3) the authority vested in him by section 3828, Revised Statutes (44 U.S.C. 324), to authorize the publication of advertisements, notices or proposals.

SEC. 13. Appropriations available for the procurement of supplies and material or equipment shall be available for the purchase and maintenance of special clothing and equipment for the protection of personnel in the performance of their assigned tasks.

SEC. 14. * * *

(Repealed.)

SEC. 15. The head of any department, when authorized in an appropriation or other Act, may procure the temporary (not in excess of one year) or intermittent services of experts or consultants or organizations thereof, including stenographic reporting services, by

contract, and in such cases such service shall be without regard to the civil-service and classification laws (but as to agencies subject to the Classification Act of 1949 at rates not in excess of the per diem equivalent of the highest rate payable under such Act, unless other rates are specifically provided in the appropriation or other law) and, except in the case of stenographic reporting services by organizations, without regard to section 3709, Revised Statutes, as amended by this Act.

SEC. 16. (a) Section 5 of the Act of July 16, 1914 (5 U.S.C. 78), is amended to read as follows:

"SEC. 5. (a) Unless specifically authorized by the appropriation concerned or other law, no appropriation shall be expended to purchase or hire passenger motor vehicles for any branch of the Government other than those for the use of the President of the United States, the secretaries to the President, or the heads of the executive departments enumerated in 5 U.S.C. 1.

"(b) Excepting appropriations for the Military and Naval Establishments, no appropriation shall be available for the purchase, maintenance, or operation of any aircraft unless specific authority for the purchase, maintenance, or operation thereof has been or is provided in such appropriation.

"(c) Unless otherwise specifically provided, no appropriation available for any department shall be expended—

"(1) to purchase any passenger motor vehicle (exclusive of buses, ambulances, and station wagons), at a cost, completely equipped for operation, and including the value of any vehicle exchanged, in excess of the maximum price therefor, if any, established pursuant to law by a Government agency and in no event more than such amount as may be specified in an appropriation or other Act, which shall be in addition to the amount required for transportation;

"(2) for the maintenance, operation, and repair of any Government-owned passenger motor vehicle or aircraft not used exclusively for official purposes; and 'official purposes' shall not include the transportation of officers and employees between their domiciles and places of employment, except in cases of medical officers on out-patient medical service and except in cases of officers and employees engaged in field work the character of whose duties makes such transportation necessary and then only as to such latter cases when the same is approved by the head of the department concerned. Any officer or employee of the Government who willfully uses or authorizes the use of any Government-owned passenger motor vehicle or aircraft, or of any passenger motor vehicle or aircraft leased by the Government, for other than official purposes or otherwise violates the provisions of this paragraph shall be suspended from duty by the head of the department concerned, without compensation, for not less than one month, and shall be suspended for a longer period or summarily removed from office if circumstances warrant. The limitations of this paragraph shall not apply to any motor vehicles or aircraft for official use of the President, the heads of the executive departments enumerated in 5 U.S.C. 1, ambassadors, ministers, *chargés d'affaires*, and other principal diplomatic and consular officials.

"(d) (Repealed.)

“(e) The acquisition of aircraft or passenger motor vehicles by any agency by transfer from another department of the Government shall be considered as a purchase within the meaning hereof.”

(b) * * *

(Executed.)

SEC. 17. (a) * * *

(Executed.)

(b) That portion of the Act of July 31, 1876 (44 U.S.C. 321; 19 Stat. 105), reading as follows: “and in no case of advertisement for contracts for the public service shall the same be published in any newspaper published and printed in the District of Columbia unless the supplies or labor covered by such advertisement are to be furnished or performed in said District of Columbia” is hereby amended by adding at the end thereof “or in the adjoining counties of Maryland or Virginia”.

(c) That portion of the Act of June 23, 1906 (3 U.S.C. 43), reading, as follows: “not exceeding \$25,000 per annum” is hereby amended to read “not exceeding \$40,000 per annum”.

SEC. 18. The word “department” as used in this Act shall be construed to include independent establishments, other agencies, wholly owned Government corporations (the transactions of which corporations shall be subject to the authorizations and limitations of this Act, except that section 9 shall apply to their administrative transactions only), and the government of the District of Columbia, but shall not include the Senate, House of Representatives, or office of the Architect of the Capitol, or the officers or employees thereof. The words “continental United States” as used herein shall be construed to mean the forty-eight States and the District of Columbia. The word “Government” shall be construed to include the government of the District of Columbia. The word “appropriation” shall be construed as including funds made available by legislation under section 104 of the Government Corporation Control Act, approved December 6, 1945.

SEC. 19. Sections 1, 3, 4, 5, 7, 14, and 15 of this Act shall not apply to persons whose pay and allowances are established by the Pay Readjustment Act of 1942.

SEC. 20. Sections 1 and 2 of this Act shall become effective on the first day of the third calendar month following the enactment hereof.

SEC. 21. This Act may be cited as the “Administrative Expenses Act of 1946”.

SEC. 22. Under such regulations as the President may prescribe, funds available to the departments for administrative expenses may be allotted to posts in foreign countries for the purpose of defraying the unusual expenses incident to the operation and maintenance of official residences suitable for the chief representatives of the United States at such posts and such other senior officials of this Government in foreign countries as the President may designate.

SEC. 23. *Under such regulations as the President may prescribe and to the extent deemed necessary and appropriate, as provided therein, appropriations or other funds available to the departments for administrative expenses shall be available for the reimbursement of all or part of the following expenses of officers or employees for whom the Government pays expenses of travel and transportation under subsection (a) of section 1 of this Act:*

(1) *The expenses of per diem allowance in lieu of the subsistence expenses of the immediate family of the officer or employee while en route between his old and new official stations, not in excess of the maximum per diem rates prescribed in or pursuant to section 3 of the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 836).*

(2) *The expenses of per diem allowance in lieu of subsistence of the officer or employee and his spouse, not in excess of the maximum per diem rates prescribed in the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 836), and the expenses of transportation to seek permanent residence quarters at a new official station when both the old and new stations are located within the continental United States, excluding Alaska, provided that such expenses may be allowed only for one round trip in connection with each change of station of the officer or employee.*

(3) *The subsistence expenses of the officer or employee and his immediate family for a period of thirty days while occupying temporary quarters when the new official station is located within the United States (including the District of Columbia, its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone: Provided, That the period of residence in temporary quarters may be extended for an additional thirty days when the officer or employee moves to or from Hawaii, Alaska, the territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone: Provided further, That reimbursement for subsistence expenses actually incurred may not exceed an amount determined from such average daily rates per person as may be prescribed in such regulations, but not in excess of the maximum per diem rates prescribed in or pursuant to section 3 of the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 836), for the localities in which the temporary quarters are located, for the first ten days of such period, two-thirds of such rates for the second ten days, and one-half for the balance of such period, including the additional thirty days.*

(4) *The expenses of the sale of the residence (or the settlement of an unexpired lease) of the officer or employee at the old official station and purchase of a home at the new official station required to be paid by him when the old and new official stations are located within the United States (including the District of Columbia), its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone, but reimbursement for brokerage fees on the sale of the residence and other expenses under this subsection shall not exceed those customarily charged in the locality where the residence is located and no reimbursement shall be made for losses on the sale of the residence. This provision applies regardless of whether the title to the residence or the unexpired lease is in the name of the officer or employee alone, in the joint names of the officer or employee and a member of his immediate family, or in the name of a member of his immediate family alone.*

SEC. 24. *Under such regulations as the President may prescribe and to the extent deemed necessary and appropriate, as provided therein, and notwithstanding other reimbursement authorized under this Act, an officer or employee who is reimbursed under section 1(a) or section 23 of this Act shall, if he has an immediate family, receive an amount not to exceed two weeks' basic compensation, or, if he does not have an immediate family, an amount not to exceed one week's basic compensation: Provided, That such amounts shall not exceed amounts determined from the maximum rate of grade GS-13 in the General Schedule of the Classification Act of 1949, as amended.*

SEC. 25. Under such regulations as the President may prescribe—

(a) Whenever any civilian officer or employee (including any new appointee in accordance with section 7(b) of this Act, as amended) is assigned to a permanent duty station at an isolated location in the continental United States, excluding Alaska, to which he cannot take or at which he is unable to use his household goods and personal effects because of the absence of residence quarters at such location, nontemporary storage expenses or storage at Government expense in Government-owned facilities (including related transportation and other expenses), whichever is more economical, may be allowed such officer or employee under regulations issued by the head of the Executive Department or agency concerned. In no instance shall the weight of the property stored under this subsection, together with the weight transported under section 1 or section 7(b) of this Act, exceed the total maximum weight the officer or employee would be entitled to have moved, and the period of nontemporary storage shall not exceed three years.

(b) This section does not authorize reimbursement to officers and employees traveling under orders issued more than sixty days prior to the effective date of this section.

SEC. 26. Under such regulations as the President may prescribe and notwithstanding the provisions of the fourth proviso of section 1(a) of this Act, in transfers between departments for reasons of reduction in force or transfer of function, expenses authorized under section 1, subsections (a) and (b) and subsections (e) and (f) other than expenses authorized in connection with transfers to foreign countries, and under sections 23 and 24 of this Act may be paid in whole or in part by the department from which the officer or employee is transferred or by the department to which he is transferred, as may be agreed upon by the heads of the departments concerned.

SEC. 27. Under such regulations as the President may prescribe, a former officer or employee separated by reason of reduction in force or transfer of function who is reemployed within one year of the date of such separation by a nontemporary appointment at a different geographical location from that where such separation occurred may be allowed and paid the expenses authorized by section 1 of this Act, and may receive the benefits authorized by sections 23 and 24 of this Act, in the same manner as though he had been transferred to the location of reemployment from the location where separated in the interest of the Government without a break in service.

SEC. 28. Notwithstanding the provisions of subsections (a) and (b) of section 1, and of sections 23, 24, 25, and 27 of this Act, the travel and transportation expenses, including storage of household goods and personal effects, and other relocation allowances shall not be allowed thereunder when a civilian officer or employee is transferred within the continental United States, excluding Alaska, unless and until such officer or employee shall agree in writing to remain in the Government service for twelve months following his transfer, unless separated for reasons beyond his control and acceptable to the department or agency concerned. In case of violation of such agreement, any moneys expended by the United States under said sections of this Act on account of such officer or employee shall be recoverable from him as a debt due the United States.

PL. Q. 1187 G

111

H. R. 10607

[Report No. 1199]

IN THE HOUSE OF REPRESENTATIVES

AUGUST 23, 1965

Mr. ROSENTHAL introduced the following bill; which was referred to the Committee on Government Operations

OCTOBER 21, 1965

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That (a) subsection (a) of section 1 of the Administrative
4 Expenses Act of 1946 (60 Stat. 806, as amended; 5 U.S.C.
5 73b-1 (a)), is amended by—

6 (1) striking the words “the Act of February 14,
7 1931” appearing in the first parentheses contained there-

1 in, and inserting in lieu thereof “section 4 of the Travel
2 Expense Act of 1949 (63 Stat. 166, as amended; 5
3 U.S.C. 837) ”;

4 (2) striking the word “seven” appearing in the
5 second parentheses contained therein, and inserting in
6 lieu thereof the word “eleven”;

7 (3) striking out of the first proviso contained there-
8 in the words “the Subsistence Expense Act of 1926 (5
9 U.S.C. 828) ” and inserting in lieu thereof the words
10 “section 5 of the Travel Expense Act of 1949 (63
11 Stat. 166, as amended; 5 U.S.C. 838) ”.

12 (b) Subsection (b) of section 1 of the Administrative
13 Expenses Act of 1946 (60 Stat. 807, as amended; 5 U.S.C.
14 73b-1 (b)), is amended by adding the following words
15 immediately before the period at the end of the first sentence
16 in the subsection “, except that payment of actual expenses
17 may be made whenever, under regulations prescribed by
18 the President, the head of the agency determines that such
19 method of payment is more economical to the Government.”

20 SEC. 2. The Administrative Expenses Act of 1946 (60
21 Stat. 806) , as amended, is further amended by adding the
22 following new sections:

23 “SEC. 23. Under such regulations as the President may
24 prescribe and to the extent deemed necessary and appro-
25 priate, as provided therein, appropriations or other funds

1 available to the departments for administrative expenses
2 shall be available for the reimbursement of all or part of the
3 following expenses of officers or employees for whom the
4 Government pays expenses of travel and transportation under
5 subsection (a) of section 1 of this Act:

6 “(1) The expenses of per diem allowance in lieu of the
7 subsistence expenses of the immediate family of the officer
8 or employee while en route between his old and new official
9 stations, not in excess of the maximum per diem rates pre-
10 scribed in or pursuant to section 3 of the Travel Expense
11 Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 836).

12 “(2) The expenses of per diem allowance in lieu of sub-
13 sistence of the officer or employee and his spouse, not in
14 excess of the maximum per diem rates prescribed in the
15 Travel Expense Act of 1949 (63 Stat. 166, as amended;
16 5 U.S.C. 836), and the expenses of transportation to seek
17 permanent residence quarters at a new official station when
18 both the old and new stations are located within the conti-
19 nental United States, excluding Alaska, provided that such
20 expenses may be allowed only for one round trip in connec-
21 tion with each change of station of the officer or employee.

22 “(3) The subsistence expenses of the officer or em-
23 ployee and his immediate family for a period of thirty days
24 while occupying temporary quarters when the new official
25 station is located within the United States (including the

1 District of Columbia, its territories and possessions, the
2 Commonwealth of Puerto Rico, and the Canal Zone: *Pro-*
3 *vided*, That the period of residence in temporary quarters
4 may be extended for an additional thirty days when the
5 officer or employee moves to or from Hawaii, Alaska, the
6 territories and possessions, the Commonwealth of Puerto
7 Rico, and the Canal ~~Zone~~; ~~except that~~ *Zone: Provided fur-*
8 *ther, That* reimbursement for subsistence expenses actually
9 incurred may not exceed an amount determined from such
10 average daily rates per person as may be prescribed in such
11 regulations, but not in excess of the maximum per diem rates
12 prescribed in or pursuant to section 3 of the Travel Expense
13 Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 836), for
14 the localities in which the temporary quarters are located,
15 for the first ten days of such period, two-thirds of such rates
16 for the second ten days, and one-half for the balance of such
17 period, including the additional thirty days.

18 “(4) The expenses of the sale of the residence (or the
19 settlement of an unexpired lease) of the officer or employee
20 at the old official station and purchase of a home at the new
21 official station required to be paid by him when the old and
22 new official stations are located within the United States
23 (including the District of Columbia), its territories and pos-
24 sessions, the Commonwealth of Puerto Rico, and the Canal
25 Zone, but reimbursement for brokerage fees on the sale of the

1 residence shall not exceed such fees as are customarily
2 and other expenses under this subsection shall not exceed those
3 customarily charged in the locality where the residence is
4 located and no reimbursement shall be made for losses on the
5 sale of the residence. This provision applies regardless of
6 whether the title to the residence or the unexpired lease is
7 in the name of the officer or employee alone, in the joint
8 names of the officer or employee and a member of his im-
9 mediate family, or in the name of a member of his immediate
10 family alone.

11 “SEC. 24. Under such regulations as the President may
12 prescribe and to the extent deemed necessary and appro-
13 priate, as provided therein, and notwithstanding other reim-
14 bursement authorized under this Act, an officer or employee
15 who is reimbursed under section 1 (a) or section 23 of this
16 Act shall, if he has an immediate family, receive an amount
17 ~~equal to~~ *not to exceed* two weeks’ basic compensation, or, if
18 he does not have an immediate family, an amount ~~equal to~~
19 *not to exceed* one week’s basic compensation: *Provided*, That
20 such amounts shall not exceed amounts determined from the
21 maximum rate of grade GS-13 in the General Schedule of
22 the Classification Act of 1949, as amended.

23 “SEC. 25. Under such regulations as the President may
24 prescribe—

1 “(a) Whenever any civilian officer or employee (in-
2 cluding any new appointee in accordance with section 7 (b)
3 of this Act, as amended) is assigned to a permanent duty
4 station at an isolated location in the continental United
5 States, excluding Alaska, to which he cannot take or at
6 which he is unable to use his household goods and personal
7 effects because of the absence of residence quarters at such
8 location, nontemporary storage expenses or storage at Gov-
9 ernment expense in Government-owned facilities (including
10 related transportation and other expenses), whichever is
11 more economical, may be allowed such officer or employee
12 under regulations issued by the head of the Executive De-
13 partment or agency concerned. In no instance shall the
14 weight of the property stored under this subsection, together
15 with the weight transported under section 1 or section 7 (b)
16 of this Act, exceed the total maximum weight the officer or
17 employee would be entitled to have moved, and the period of
18 nontemporary storage shall not exceed three years.

19 “(b) This section does not authorize reimbursement to
20 officers and employees traveling under orders issued more
21 than sixty days prior to the effective date of this section.

22 “SEC. 26. Under such regulations as the President may
23 prescribe and notwithstanding the provisions of the fourth
24 proviso of section 1 (a) of this Act, in transfers between de-
25 partments for reasons of reduction in force or transfer of

1 function, expenses authorized under section 1, subsections
2 (a) and (b) and subsections (e) and (f) other than ex-
3 penses authorized in connection with transfers to foreign
4 countries, and under sections 23 and 24 of this Act may be
5 paid in whole or in part by the department from which the
6 officer or employee is transferred or by the department to
7 which he is transferred, as may be agreed upon by the heads
8 of the departments concerned.

9 “SEC. 27. Under such regulations as the President may
10 prescribe, a former officer or employee separated by reason
11 of reduction in force or transfer of function who is reem-
12 ployed within ~~six months~~ *one year* of the date of such sep-
13 aration by a nontemporary appointment at a different geo-
14 graphical location from that where such separation occurred
15 may be allowed and paid the expenses authorized by section 1
16 of this Act, and may receive the benefits authorized by sec-
17 tions 23 and 24 of this Act, in the same manner as though
18 he had been transferred to the location of reemployment from
19 the location where separated in the interest of the Govern-
20 ment without a break in service.

21 “SEC. 28. Notwithstanding the provisions of subsections
22 (a) and (b) of section 1, and of sections 23, 24, 25, and 27
23 of this Act, the travel and transportation expenses, including
24 storage of household goods and personal effects, and other
25 relocation allowances shall not be allowed thereunder when

1 a civilian officer or employee is transferred within the con-
2 tinental United States, excluding Alaska, unless and until
3 such officer or employee shall agree in writing to remain in
4 the Government service for twelve months following his
5 transfer, unless separated for reasons beyond his control and
6 acceptable to the department or agency concerned. In case
7 of violation of such agreement, any moneys expended by the
8 United States under said sections of this Act on account of
9 such officer or employee shall be recoverable from him as a
10 debt due the United States.”

11 SEC. 3. Regulations under this Act shall be prescribed
12 within ninety days following the date of enactment but shall
13 be retroactive to such date.

89TH CONGRESS
1ST SESSION

H. R. 10607

[Report No. 1199]

A BILL

To amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

By Mr. ROSENTHAL

AUGUST 23, 1965

Referred to the Committee on Government Operations

OCTOBER 21, 1965

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

March 17, 1966

pp. 5870-2

13. ADJOURNED until Mon., Mar. 21. p. 5878

HOUSE

14. RESEARCH ANIMALS. A subcommittee of the Agriculture Committee approved for full committee action with amendment H. R. 12488, to authorize the Secretary of Agriculture to regulate the transportation, sale, and handling of dogs, cats, and other animals intended to be used for purposes of research or experimentation. p. D217
15. LABOR STANDARDS. A subcommittee of the Education and Labor Committee approved for full committee action H. R. 13712, amending the Fair Labor Standards Act to extend its protection to additional employees and to raise the minimum wage. p. D218
16. WATER RESEARCH. A subcommittee of the Interior and Insular Affairs Committee approved for full committee action with amendment H. R. 3606, to promote a more adequate national program of water research. p. D218
17. PERSONNEL; CONTRACTS. Received from the Post Office and Civil Service Committee a report entitled, "1965 Report of Statistical Activities of the Federal Government: Personnel, Equipment, and Contract Costs" (H. Rept. 1333). p. 5986
18. ECONOMIC REPORT. Received from the Joint Economic Committee its report on the January 1966 Economic Report of the President (H. Rept. 1334) (p. 5986) Rep. Patman commended the portion of the report "dealing with the maintenance of competition and enforcement of our antitrust laws" (pp. 5883-4)
19. PERSONNEL. The Rules Committee granted an open rule for the consideration of H. R. 10607, to amend the Administrative Expenses Act to provide reimbursement of certain moving expenses of employees. p. D219
20. TARIFF. The Ways and Means Committee voted to report (but did not actually report) the following bills: H. R. 8376, to amend title I of the Tariff Act of 1930 to make permanent the existing duty-free treatment for certain corkboard insulation; H. R. 10998, to continue for a temporary period the existing suspension of duty on heptanoic acid; H. R. 12328, with amendment, to extend for 3 years the period during which certain tanning extracts of hemlock or eucalyptus suitable for use for tanning, may be imported free of duty; H. R. 12461, to continue for a temporary period the existing suspension of duty on certain istle; H. R. 12463, to extend until June 30, 1969, the suspension of duty on crude chicory; H. R. 12864, with amendment, to extend for a temporary period the existing provisions of law relating to the free importation of personal and household effects brought into the U. S. under Government orders. p. D219
21. CORN. Rep. Nelson inserted a number of letters from country elevator operators complaining of the sale of CCC corn at "price-breaking levels" (pp. 5888-9), and defended his criticism of recent "dumping" of corn supplies against the remarks of Secretary Freeman that it was "political noise", and inserted charts and letters on the subject (pp. 5930-31),

Rep. Olson, Minn., expressed concern over CCC sales of corn but stated that he had assurance from this Department "that inventories of corn in Minnesota are sufficient to meet local demand." p. 5901

22. SCHOOL LUNCH; SCHOOL MILK. Rep. Fogarty criticized proposed reductions in the school lunch and milk programs and inserted a supporting article. p. 5907
23. DAIRY PRICES. Rep. Stalbaum and several other Representatives discussed the "urgency for increased price supports for dairy products." pp. 5913-16
24. FLOOD CONTROL. Rep. Edmondson spoke in support of his bill to prohibit certain fees being charged in connection with projects for navigation, and flood control. pp. 5919-21
25. FOREIGN AFFAIRS. Rep. O'Hara inserted the testimony of the executive director of the American Committee on Africa, before the Subcommittee on Africa of the Foreign Affairs Committee, in which he stated that the U. S. should disengage itself from the African economy and that the quota for South African sugar should be eliminated altogether. pp. 5897-01
26. INTEREST RATES. Rep. Patman criticized "tight money policy" and commended and inserted articles supporting his views. pp. 5882-3
Rep. Widnall discussed "indirect breeching of the 4½-percent Government bond interest ceiling" and urged that Congress give it critical examination. p. 5889
27. TRADE STATISTICS. Rep. Langen compared U. S. methods of computing foreign trade costs with that of other countries and stated that it has been revealed that our official foreign trade statistics are deceptive. p. 5902
Rep. Moore stated that he is introducing a joint resolution "calling on the Secretaries of Commerce and Treasury to place trade statistics before us that will reveal rather than conceal our competitive position in the world." p. 5906
28. POVERTY. Reps. Goodell and Gubser criticized administration of the poverty programs. pp. 5889, 5911-2, 5929-30
29. ALLIANCE FOR PROGRESS. Rep. Fascell cited accomplishments under the Alliance for Progress and reaffirmed personal commitment to the continued success of "this great hemispheric experiment in human cooperation." pp. 5907-8
30. EDUCATION. Rep. Green, Ore, inserted messages from educational institutions across the Nation indicating that cuts in the National Defense Education Act loans would seriously handicap our educational process and stated that the Special Subcommittee on Education had adopted a resolution expressing the determination to continue such loans without revision for the next fiscal year. pp. 5892-7
31. WORLD FOOD. Rep. Olsen, Mont., stated that "it is time to take a long, hard look at the restrictions we have imposed on our farmers" in view of the great world food shortage. p. 5941
32. FOREIGN CURRENCIES. Rep. Burleson inserted a report on the expenditures by various committees of foreign currencies and appropriated funds incurred in travel outside the U. S. pp. 5944-85

H.R. 7423 (amended), to permit certain transfers of Post Office Department appropriations; and

H.R. 13448, to amend title 39, U.S. Code, with respect to mailing privileges of members of the U.S. Armed Forces and other Federal Government personnel overseas.

Also approved a request to amend on the floor, H.R. 6183, to amend title 13, U.S. Code, to provide for a mid-decade census of population, unemployment, and housing in years 1966 and 1975 and every 10 years thereafter.

Approved a subcommittee report entitled "1965 Report of Statistical Activities of the Federal Government: Personnel, Equipment, and Contract Costs."

TOLL FACILITIES

Committee on Public Works: Subcommittee on the Federal-Aid Highway Program and the Subcommittee on Roads continued joint hearings on the relationship of toll facilities to the Federal-aid program. Testimony was heard from public witnesses. Adjourned subject to call of the Chair.

ADMINISTRATIVE EXPENSES ACT

Committee on Rules: Granted an open rule with 1 hour of debate on H.R. 10607, to amend the Administrative Expenses Act to provide reimbursement of certain moving expenses of employees. Testimony was heard from Representatives Dawson, and Rosenthal.

FEDERAL APPLICANTS' TRAVEL COSTS

Committee on Rules: Denied a rule on H.R. 9020, regarding payment of travel costs for applicants for Federal employment. Testimony was heard from Representatives Dawson, Rosenthal, and Brown of Ohio.

INTERNATIONAL HEALTH ACT

Committee on Rules: Denied a rule on H.R. 12453, regarding the International Health Act. Testimony was heard from Representatives Staggers and Springer.

DEPENDENT PARENTS

Committee on Veterans' Affairs: Subcommittee on Compensation and Pension continued hearings on income limits under the dependency and indemnity compensation program. Testimony was heard from public witnesses.

WAYS AND MEANS REPORTS

Committee on Ways and Means: Met in executive session and ordered reported favorably to the House the following bills:

H.R. 13103 (amended), to amend the Internal Revenue Code of 1954 to provide equitable tax treatment for foreign investment in the United States;

H.R. 8376, to amend title I of the Tariff Act of 1930 to make permanent the existing duty-free treatment for certain corkboard insulation;

H.R. 10998, to continue for a temporary period the existing suspension of duty of heptanoic acid;

H.R. 11653, to make permanent the existing suspension of duty on certain natural graphite;

H.R. 12262, to continue until the close of June 30, 1969, the existing suspension of duty on certain copying shoe lathes;

H.R. 12328 (amended), to extend for 3 years the period during which certain tanning extracts and extracts of hemlock or eucalyptus suitable for use for tanning, may be imported free of duty;

H.R. 12461, to continue for a temporary period the existing suspension of duty on certainistle;

H.R. 12463, to extend until June 30, 1969, the suspension of duty on crude chicory and the reduction in duty on ground chicory;

H.R. 12657 (amended), to continue the suspension of duty on certain alumina and bauxite;

H.R. 12864 (amended), to extend for a temporary period the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders; and

H.R. 12997, to extend until July 15, 1968, the suspension of duty on electrodes imported for use in producing aluminum.

Joint Committee Meetings

ECONOMIC STABILIZATION

Joint Economic Committee: Subcommittee on Fiscal Policy continued its hearings to receive testimony with regard to the possible need for and design of temporary tax changes for the purpose of economic stabilization. Today's witnesses were Arnold Harberger, department of economics, University of Chicago; Robert A. Gordon, department of economics, University of California; Carl Shoup, department of economics, Columbia University; and Henry Wallich, department of economics, Yale University.

Hearings continue on Tuesday, March 22.

MANPOWER

Joint hearing: Subcommittee on Employment and Manpower of the Senate Committee on Labor and Public Welfare continued its joint hearings with the Select Subcommittee on Labor of the House Committee on Education and Labor on S. 2974 and H.R. 13037, to provide for more effective development and utilization of the Nation's manpower resources, and S. 3032 and H.R. 13362, to improve operations of the Federal-State employment system, having as its witnesses Andrew J. Biemiller, department of legislation, AFL-CIO.

Hearings continue on Tuesday, March 29.

CONGRESSIONAL PROGRAM AHEAD

Week of March 21-26

(Committee meetings are open unless otherwise indicated)

Senate Chamber

On Monday, Senate will consider H.R. 13546, fiscal 1966 supplemental appropriations for the Defense Establishment and for foreign assistance programs. On that day, Senate probably will also consider H.R. 12762, Coast Guard procurement authorizations.

Senate Committees

Committee on Appropriations: March 21-25, subcommittee, on proposed fiscal 1967 budget estimates for the Department of Agriculture, and related agencies, 10 a.m., and 2 p.m., 1114 New Senate Office Building;

March 22-25, subcommittee, on proposed fiscal 1967 budget estimates for public works, on civil functions items, 10 a.m., room S-126, Capitol.

Committee on Banking and Currency: March 22, Subcommittee on Financial Institutions, to continue hearings on H.R. 7371, S. 2353, and S. 2418, to amend in several respects the Bank Company Holding Act, 10 a.m., 5302 New Senate Office Building.

Committee on Commerce: March 22, to resume hearings on the subject of railroad work rules disputes, 9:30 a.m., 5110 New Senate Office Building;

March 23 and 24, Merchant Marine and Fisheries Subcommittee, to hold hearings on S. 1351, 2417, and H.R. 10327, requiring evidence of financial security and stricter regulations of ocean cruises, 10 a.m., 5110 New Senate Office Building;

March 25, to hold hearings on S. 2322 and S. 3059, regulating transportation, sale, and handling of dogs and cats for experimental purposes, 10 a.m., 5110 New Senate Office Building.

Committee on the District of Columbia: March 23 and 24, Subcommittee on Public Health, Education, Welfare, and Safety, to resume hearings on S. 293 and 1612, authorizing establishment of a public community college and a public college of arts and sciences in the D.C., Wednesday at 9:30 a.m. and Thursday at 9 a.m., 6226 New Senate Office Building.

Committee on Foreign Relations: March 21, to resume its hearings in connection with U.S. policy on mainland China, 10 a.m., 318 Old Senate Office Building;

March 25, Special subcommittee, to hold hearings on S. 2710, authorizing the Federal Government to acquire certain northwest D.C. property as site for headquarters of the OAS and sites for governments of foreign countries, 10 a.m., 4221 New Senate Office Building.

Committee on Government Operations: March 22, Subcommittee on Executive Reorganization, to resume its hearings on the role of the Federal Government in traffic safety matters, specifically to receive testimony on alleged harassment of Ralph Nader, author of the book "Unsafe At Any Speed," to hear General Motors President James Roche, Mr. Nader, and representatives of detective agencies, 10 a.m., room undetermined.

Committee on Interior and Insular Affairs: March 21-23, Subcommittee on Water and Power Resources, to hold hearings on S. 2875, weather modification, 10 a.m., 3110 New Senate Office Building.

Committee on the Judiciary: March 22-24, Subcommittee on Criminal Laws and Procedures, to begin a series of hearings concerning possible legislation to combat the rising crime rate in the U.S., and on six pending crime bills (S. 2187-2191, and 2578), Tuesday to hear Attorney General Katzenbach, 10 a.m., 2228 New Senate Office Building;

March 23, Subcommittee on Administrative Practice and Procedure, to resume its hearings on invasions of privacy, 10 a.m., 2221 New Senate Office Building.

Committee on Labor and Public Welfare: March 21 and 22, Subcommittee on Labor, on S. 996, and other bills to promulgate regulations to protect health and safety of mine workers, 10 a.m., 4232 New Senate Office Building;

March 23 and 24, Subcommittee on Education, on S. 3046, to improve programs of assistance for elementary and secondary schools, 10 a.m., 4232 New Senate Office Building;

March 23, Subcommittee on Veterans' Affairs, on several pending veterans bills (S. 2666, 2748, H.R. 203, and 11631), 10 a.m., 4200 New Senate Office Building.

Committee on Rules and Administration: March 22, executive, on committee business, 10 a.m., 301 Old Senate Office Building.

House Chamber

Monday, the House will call the Consent Calendar and consider under suspension of the rules the following two bills, H.R. 7423, permitting transfers of Post Office Department appropriations by Postmaster General; and H.R. 13448, providing airlift to armed services post offices on a worldwide basis.

Tuesday, the House will consider S. 2394, authorizing an official residence for the Vice President (2 hours of debate).

Wednesday and balance of week, the House will consider H.R. 10607, to reimburse certain moving expenses of Federal employees.

NOTE.—Conference reports may be brought up at any time.

House Committees

Committee on Agriculture: March 21, Subcommittee on Conservation and Credit, on watershed projects, 10 a.m., 1302 Longworth House Office Building.

March 22, Subcommittee on Livestock and Feed Grains, executive, to continue hearings on H.R. 12488, and related bills, to authorize the Secretary of Agriculture to regulate the transportation, sale, and handling of dogs and cats, and other animals intended for purposes of research or experimentation, 2 p.m., 1301 Longworth House Office Building.

March 22, full committee, on H.R. 12152, to amend the Agricultural Trade Development and Assistance Act of 1954; H.R. 12784, to authorize the Commodity Credit Corporation to establish and maintain reserves of agricultural commodities to protect consumers; and H.R. 12785, to promote international trade in agricultural commodities, to combat hunger and malnutrition, and to further economic development, 10 a.m., 1301 Longworth House Office Building.

March 23, full committee, to continue on H.R. 12798, and related bills, to protect domestic consumers against an inadequate supply of soybeans and soybean products; to maintain and promote foreign trade; to protect producers of soybeans against an unfair loss of income resulting from the establishment of a reserve supply; and to assist in marketing soybeans for domestic consumption and export, 10 a.m., 1301 Longworth House Office Building.

March 24, full committee, executive, on H.R. 12798, and related bills, to protect domestic consumers against an inadequate supply of soybeans and soybean products; to maintain and promote foreign trade; to protect producers against an unfair loss of income resulting from the establishment of a reserve supply; and to assist in marketing soybeans for domestic consumption and export; and H.R. 12488, to authorize the Secretary of Agriculture, to regulate the transportation, sale, and handling of dogs and cats, and other animals intended for purposes of research or experimentation, 10 a.m., 1301 Longworth House Office Building.

March 25, full committee, executive, on H.R. 12152, to amend the Agricultural Trade Development and Assistance Act of 1954;



March 21, 1966

Banking and Currency Committee will begin hearings Apr. 19 on the President's 1966 housing proposals. p. 6051

13. ALLIANCE FOR PROGRESS. Sen. Mansfield commended accomplishments under the Alliance for Progress program for Latin America on its fifth anniversary and inserted the President's statement commemorating the occasion. pp. 6064-5
14. FOREIGN AID. Sen. Fong urged increased economic aid to southeast Asia, and commended the President's Honolulu conference with South Vietnamese leaders emphasizing "increased U. S. assistance to South Vietnam in the fields of education, health, agriculture, and economic development." pp. 6087-8
15. WATER RESEARCH. Sen. McGovern inserted the report of the Secretary of the Interior and a statement by Sen. Anderson on water resources research activities. pp. 6095-6101
16. EDUCATION. Sen. Muskie expressed concern over possible effects of proposed budget cuts for Federal aid to schools in federally impacted areas. p. 6065
17. WASTE DISPOSAL. Sen. Ribicoff inserted his address before the Waterbury Conference on Waste Disposal, Waterbury, Conn., "Federal Aspects of Industrial Waste Disposal." pp. 6069-71
18. RECREATION. Sen. Harris inserted an address on the recreation potential in the Arkansas River Basin. pp. 6075-7
19. FARMERS UNION. Sens. Yarborough and McCarthy commended the service of James G. Patton who recently retired as president of the National Farmers Union. pp. 6064, 6091-2
Sen. Montoya commended the election of Tony T. Dechant as new president of the National Farmers Union. p. 6078

HOUSE

20. PERSONNEL. The Rules Committee reported a resolution for the consideration of H. R. 10607, to amend the Administrative Expenses Act to provide reimbursement of additional moving expenses in connection with station transfers. p. 6038
Concurred in Senate amendment to H. R. 1647, to provide for the payment of certain amounts and the restoration of employment benefits to Federal employees improperly deprived thereof by an unjustified or erroneous personnel action. This bill will now be sent to the President. p. 5990
21. LABOR STANDARDS. The Education and Labor Committee voted to report (but did not actually report) with amendment H. R. 13712, to amend the Fair Labor Standards Act of 1938 to extend its protection to additional employees and to raise the minimum wage. p. D226
22. ELECTRIFICATION. A subcommittee of the Interior and Insular Affairs Committee approved for full committee action with amendment H. R. 7406, to authorize the construction, operation, and maintenance of a third powerplant at the Grand Coulee Dam, Columbia Basin project, Wash. p. D227
23. CONSUMER INTERESTS. Several Representatives commended the President's message on consumer interests. pp. 5993-4, 5994, 5995, 5995-6, 5996-7

24. TRANSPORTATION. Reps. Pelly and Duncan, Oreg., urged passage of S. 1098, to insure the adequacy of the national railroad freight car supply. pp. 5989, 6015
25. STRIP MINING. Rep. Hechler commended the Governor of W. Va. for his "firm stand to control strip mining" in W. Va. and inserted excerpts from the Governor's speech before the task force on surface mining. pp. 6008-11
26. POVERTY. Several Representatives discussed, and inserted articles discussing, the "successes and shortcomings" of the poverty program. pp. 6022-25, 6032-3
27. UNEMPLOYMENT COMPENSATION. Rep. Pirnie criticized the provisions in H. R. 8282, to establish a program of Federal unemployment adjustment benefits, stating that "it contemplates federalization of a program that has, since its inception, worked effectively through Federal-State cooperation." pp. 6025-6
28. ANIMAL RESEARCH. Rep. Schweiker urged support of his bill, H. R. 13720, "to provide effective protection to dogs and cats while not hindering important research efforts" rather than "the meaningless measures such as the one reported last week to the Agriculture Committee." pp. 6026-7
29. INFLATION. Rep. Dickinson expressed concern over "ever-increasing" inflation and inserted an editorial on the subject. pp. 6027-8
30. HIDE EXPORTS. Rep. Langen stated that the recent "order to control exports of cattle hides...is another round in the admitted policy of this administration to keep farm prices down." p. 6028
31. OPINION POLL. Rep. Langen inserted the results of an opinion poll including items of interest to this Department. p. 6028
32. CONSERVATION. Rep. Matthews paid tribute to the work of the soil and water conservation districts in Florida. p. 6030
33. WILDLIFE. Rep. Sickles called attention to National Wildlife Week, Mar. 20-26 and paid tribute to the National Wildlife Association. pp. 6030-1
34. WATER RESOURCES. Received a report from the President on the Committee on Water Resources Research of the Federal Council for Science and Technology. p. 6037
35. FOREIGN AID. Received from AID its reply to the Comptroller General "relative to his report on unnecessary dollar grants to Iran under the foreign assistance program." p. 6038

ITEMS IN APPENDIX

36. WATER RESOURCES. Sen. Ellender inserted Gov. Burns' speech on the importance to Florida's future the development of water resources. pp. A1581-2
37. SOIL CONSERVATION. Extension of remarks of Rep. O'Neal, Ga., praising the Soil Conservation Service and inserting his statement to the Appropriations Committee urging restoration of proposed reductions. p. A1593
38. ECONOMICS. Extension of remarks of Rep. Buchanan stating that "The need for

CONSIDERATION OF H.R. 10607

MARCH 21, 1966.—Referred to the House Calendar and ordered to be printed

Mr. BOLLING, from the Committee on Rules, submitted the following

R E P O R T

[To accompany H. Res. 781]

The Committee on Rules, having had under consideration House Resolution 781, report the same to the House with the recommendation that the resolution do pass.



THE JOURNAL OF THE

1895

OF THE

1895

1895

1895

1895

1895

1895

House Calendar No. 216

89TH CONGRESS
2^D SESSION

H. RES. 781

[Report No. 1341]

IN THE HOUSE OF REPRESENTATIVES

MARCH 21, 1966

Mr. BOLLING, from the Committee on Rules, reported the following resolution;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the
4 Union for the consideration of the bill (H.R. 10607) to
5 amend the Administrative Expenses Act of 1946, as
6 amended, to provide for reimbursement of certain moving
7 expenses of employees, and to authorize payment of expenses
8 for storage of household goods and personal effects of em-
9 ployees assigned to isolated duty stations within the con-
10 tinental United States. After general debate, which shall
11 be confined to the bill and shall continue not to exceed one
12 hour, to be equally divided and controlled by the chair-

1 man and ranking minority member of the Committee on
2 Government Operations, the bill shall be read for amendment
3 under the five-minute rule. At the conclusion of the con-
4 sideration of the bill for amendment, the Committee shall
5 rise and report the bill to the House with such amendments
6 as may have been adopted, and the previous question shall
7 be considered as ordered on the bill and amendments thereto
8 to final passage without intervening motion except one motion
9 to recommit.

89TH CONGRESS
2D SESSION

H. RES. 781

[Report No. 1341]

RESOLUTION

Providing for consideration of H.R. 10607, a bill to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

By Mr. BOLLING

MARCH 21, 1966

Referred to the House Calendar and ordered to be printed

Cl
2

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued March 24, 1966
For actions of March 23, 1966
89th-2nd; No. 50

CONTENTS

Acreage allotments.....2	Foreign trade.....16	Recreation.....3,34
Animal research.....26	Forestry.....3,10	Report.....26
Appropriations.....5,7	Grains.....12	Research.....4,21,26,28
Cattle hides.....13,24	Food.....37	Retirement.....25
CCC.....12	Hides.....13,24	School milk.....11,30
Conservation.....26	Information.....18	Small business.....8,19
Cotton research.....21	Labeling.....39	Soybeans.....2
Credit.....38	Lands.....40	Sugar.....16
Dairy.....23	Lumber.....33	Tobacco.....32
Daylight saving time.....6	Marketing.....36	Transportation.....35
Economic assistance.....7	Milk.....11,30	Urban development.....14
Economic growth.....27	Moving expenses.....1	Water research.....4
Education.....31	Organization.....22	Water resources.....29
Expenditures.....15	Pears.....36	Watersheds.....9,20
Foreign affairs.....17	Personnel.....1,25	
Foreign aid.....7	Price supports.....32	

HIGHLIGHTS: House committee voted to postpone action on bill to increase soybean production. House committee voted to report Oregon Dunes National Seashore bill and bill to expand water research programs. Rep. Nelsen proposed investigation of CCC "grain dumping" activities. Rep. Gilbert criticized school milk and school lunch budget cuts.

HOUSE

1. PERSONNEL. Passed as reported H. R. 10607, to provide reimbursement of additional moving expenses of Federal employees (pp. 6275-88). Rejected an amendment by Rep. Kunkel which would have made provisions of the bill retroactive to Jan. 1, 1965 (pp. 6287-8). As passed the bill includes provisions as follows: Permits reimbursement for the transportation of up to 11,000 pounds of household goods and personal effects, rather than 7,000 pounds. Permits greater use of Government bills of lading in domestic shipments of

household goods, rather than the use of the commuted rates system. Provides that an employee may receive per diem allowances in lieu of subsistence for members of his immediate family while en route to a new official station. Provides that an employee may receive per diem allowances in lieu of subsistence and round-trip transportation expenses of himself and his spouse for travel to seek permanent residence quarters at a new official station. Provides that the employee can be reimbursed for the subsistence expenses of himself and his immediate family while occupying temporary quarters. Authorizes reimbursement for certain expenses of selling and buying real estate and settlement of unexpired leases when these expenses must be paid by the employee, such as legal fees and commissions, document stamps and transfer taxes, closing or settlement costs, and the like as would be prescribed by regulation. Provides under regulations to be prescribed by the President, for reimbursement, over and above reimbursement otherwise received under the act, an amount not to exceed 2 weeks' basic compensation for employees with an immediate family and 1 week's basic compensation for single movers. Provides that under regulations to be established by the President, when transferred employees or new appointees are assigned to permanent stations in isolated locations in the continental United States which do not have residence quarters, they may be reimbursed for storage of household goods for up to 3 years or their household goods may be stored in Government-owned facilities if this is more economical. Provides that the cost of reimbursing employees for expenses may be paid partly or wholly by either the department from which the employee is transferred or to which he is transferred when a transfer between departments results from a reduction in force or a transfer of function. Provides that persons separated from the service in a reduction in force or transfer of function for whom the Government would have paid the expenses and allowances of transfer at the time they were still employed can receive such payments if they are appointed or reinstated to a nontemporary position in the Federal service within 1 year. Provides that, in order to receive the expenses allowed under this bill, employees must agree in writing to remain in Government service for at least 1 year after they have moved, unless separated for reasons beyond their control and acceptable to the agency concerned.

Rep. Quillen inserted a letter from the Commander of the Veterans of Foreign Wars questioning whether the Civil Service Commission is "properly discharging the mandate of Congress that it enforce the Veterans' Preference Act." p. 6303

2. SOYBEANS. The "Daily Digest" states that the Agriculture Committee "voted to postpone action on" H. R. 12798, to permit soybean production on acreage diverted from or allotted to other crops. p. D238
3. RECREATION; FORESTRY. The Interior and Insular Affairs Committee voted to report (but did not actually report) with amendment H. R. 7524, to provide for the establishment of the Oregon Dunes National Seashore, Ore. (p. D239). The committee was granted permission to file a report on the bill by midnight, Mar. 26 (p. 6272).
4. WATER RESEARCH; ELECTRIFICATION. The Interior and Insular Affairs Committee voted to report (but did not actually report) H. R. 3606, with amendment, to promote a more adequate national program of water research, and H. R. 7406, with amendment, to authorize Interior to construct a third powerplant at the Grand Coulee Dam, Columbia Basin project, Wash. (p. D239). The

The SPEAKER. On this rollcall 354 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

REIMBURSEMENT OF CERTAIN MOVING EXPENSES

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 781, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 781

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10607) to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Government Operations, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the distinguished gentleman from California [Mr. SMITH], and, pending that, I yield 10 minutes to the gentleman from South Carolina [Mr. RIVERS], chairman of the Committee on Armed Services, and ask unanimous consent that he be permitted to speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

SURVEILLANCE OF THE CENTRAL INTELLIGENCE AGENCY

Mr. RIVERS of South Carolina. Mr. Speaker, I have an important matter to bring to the attention of the House today. It relates to the surveillance which the Armed Services Committee maintains over the Central Intelligence Agency.

As you know, the authority of the Armed Services Committee over the Central Intelligence Agency is based on the National Security Act of 1947.

First, I would like to say that upon my assumption of the chairmanship of the Armed Services Committee, I increased the membership of the Subcommittee on the CIA to the point that it now has 11 members. My purpose in doing this was to spread both the responsibility and authority of this subcommittee as broadly as possible.

I cannot recall ever having discussed

before the House the exact relationship between the Armed Services Committee and the Central Intelligence Agency; therefore, and quite understandably, it would not be understood how close this relationship is. As a matter of fact, hardly a day passes that a representative of the CIA does not visit my office and the offices of some of the other members of the CIA Subcommittee. It is a continuous association with the members being constantly up to date with respect to the development of important intelligence matters.

In addition to increasing the size of the subcommittee, I established a regular meeting schedule. Under this schedule the Director of CIA and his assistants appear before the subcommittee for briefings and for full and frank discussion of intelligence matters.

I can assure you—and you need have no doubt—that at these meetings there is full revelation by the CIA of all subjects which should receive congressional consideration.

I would like to interpolate here because it is so important: the CIA does what the President tells it to do. It does not initiate action by itself except, of course, the normal routine activities as would be expected. This appears not to be well understood by many people and I wanted to place a special emphasis on this relationship between the President and the CIA.

And now to the specific subject at hand.

I have discussed the close and frequent contact maintained between the committee and the CIA. In the course of these contacts in recent days, a somewhat unusual and extremely important matter came to my attention. I immediately called a special meeting of the subcommittee which, as it turned out, consumed almost a whole day.

The occasion for that meeting was to receive testimony from a man who said that he had had enough of communism and had chosen to come over to our side.

The man is Mr. Laszlo Szabo, until recently an officer in the Hungarian Intelligence and Security which is commonly known as the AVH.

According to his testimony, Mr. Szabo is a former major of the AVH, in which he had served for 20 years. He is 40 years old. For 1 year, beginning in September 1957, he was trained in counter-intelligence procedures and techniques by the Soviets in Moscow. On October 18, 1965, he asked the U.S. Government for political asylum in London where he was assigned to the Hungarian Embassy. He is the first officer to break away successfully from the AVH since that service was organized after the Hungarian revolution in 1956. He left because of what he described as silent, anxious self-doubt and, ultimately, revulsion against the AVH and communism.

Members may recall that in late 1963, two forged issues of Newsweek magazine were circulated in Africa, Asia and elsewhere. The origin of these forgeries has always been a mystery. These forgeries

attempted to convey by means of photographs, cartoons, and deceitful text, a false picture of the civil rights movement in America. Mr. Szabo told the committee that these forgeries were planned, printed, and secretly distributed by the Hungarian Intelligence and Security Service. These forgeries, I repeat, were intended to undermine the prestige and standing of this country among the new nations of Africa and Asia.

Mr. Szabo said that, from his personal knowledge, these forgeries were not an independent venture of the Hungarians but that they were planned in cooperation with the Soviet secret police, the KGB. Indeed, he stated, the Hungarian service undertakes no action of this sort without consultation with and advice from the Soviets. Officers of the Soviet secret police are permanently stationed in the headquarters of the Hungarian service in Budapest. These Soviet officials have full access to the files and records of the Hungarian service.

Mr. Szabo testified that in their operational philosophy and in their training the Hungarian service refers to the United States as the main enemy. The Soviet service and the other bloc services do the same. Hungarian service officers are trained to work against our Foreign Service officers stationed in Budapest and citizens of our country who visit Hungary as tourists. Every effort is made to blackmail Americans, Britains, and people of other Western nations, into serving as intelligence agents of the Hungarians in Budapest and other capitals. Every device, however crude and brutal, is enlisted to this end.

Mr. Szabo discussed, for example, just how spontaneous are the demonstrations in front of our embassies and legations behind the Iron Curtain. In Budapest, he testified, the Hungarian police were ordered in February 1965, to prepare an anti-Vietnam war demonstration. Since they planned a big show and anticipated that considerable damage to American legation property would result, the secret police budgeted and set aside in advance a large sum of money to pay for damage that had not yet taken place. Our witness made it abundantly clear that American diplomats in Budapest live in a virtual state of siege.

Those Hungarians, he says, who fled from communism during the 1956 revolt and sought refuge throughout the free world have recently drawn onto themselves the particular attention of the AVH. The Soviets and the Hungarians, as part of a common venture, have decided to exploit this emigration for espionage and subversive purposes. Hungarian refugees living in the United States, who have become loyal American citizens, are hounded, blackmailed and coerced by threats against loved ones and relatives into serving the interests of Hungarian communism. It is to their credit that many refugees have refused to fall into this trap. But our witness said that everyone of them is under the AVH gun. I think we can assume that refugees from other Com-

munist-bloc countries are similarly threatened.

Mr. Szabo told the committee that these Communist services will also resort to murder. In May 1962, a young officer of the Hungarian service named Bela Lapusnyik left the service and fled across the border to Austria where he sought political asylum. He was lodged in a jail in Vienna under guard by the Austrians. Several weeks later he mysteriously sickened and died. Prompt medical attention was of no avail.

Mr. Szabo testified that, according to information he received from members of the AVH headquarters in Budapest, Lapusnyik was in fact poisoned by another Soviet-bloc service, the Czech Communist service.

Mr. Speaker, I have undertaken to give Members of the House only the highlights of the statements made to us by Mr. Szabo. But this document I hold in my hand contains Mr. Szabo's brief of his life history, an evaluation of the Hungarian Security and Intelligence Service (the AVH), a discussion of disinformation, the case of Bela Lapusnyik, a message to Hungarians at home and abroad and several other matters. It contains photographs and an extremely interesting exhibit in the form of an organization chart of the AVH. This document has been printed as a service to the House, the country and the free world. It speaks for itself.

It will be available to the Members of the House. You should read it. You have no idea how fascinating this document is. I thought, and the committee thought, that the House should know this, and from time to time when we have other information we think you might be interested in, we will bring it to your attention. I thank the gentleman for yielding.

The SPEAKER pro tempore. The time of the gentleman from South Carolina has expired.

Mr. BOLLING. Does the gentleman from South Carolina desire me to yield further time to him so that he might yield to the gentleman from Massachusetts?

Mr. RIVERS of South Carolina. Will the gentleman yield an additional 5 minutes?

Mr. BOLLING. I yield 5 additional minutes to the gentleman from South Carolina.

Mr. BATES. Mr. Speaker, will the gentleman yield?

Mr. RIVERS of South Carolina. I am delighted to yield to the ranking minority member of the committee, the distinguished gentleman from Massachusetts.

Mr. BATES. Mr. Speaker, this is the second year I have served on the CIA Subcommittee of the House Armed Services Committee.

The broad brush role of the CIA is no secret. Its functions have been a necessity for all countries, in one form or another, in eras that predate the fabled Trojan Horse. To participate in our hearings is interesting, exciting and intriguing and it rounds out, in my case at least, information detailed in hearings of the House Armed Services Committee

and the Joint Committee on Atomic Energy.

I have found the Agency informed and responsive to my inquiries and those of the committee. There are those who contend that this Agency is some super department cloaked in anonymity, divested of any obligations or restraints except to its own dictation and that it initiates, and, executes policies which are self determined and conceals its activity from a higher authority as it sees fit. The charge is so ridiculous that it answers itself and its constant repetition fails to give it any increased validity.

I have known the last two Directors of the Agency both personally and professionally. Both are distinguished Americans. They are distinguished by their brilliant contributions to their country for a great many years in a variety of capacities. They are distinguished in that both of them accepted whatever challenges their Government handed to them but neither were of the type that would reach out for power or self aggrandizement.

The independent power which fictional writers ascribe to this Agency is vested in only one man under our Constitution—the President of the United States. I have never observed a scintilla of evidence or the most remote suspicion which would suggest that the modus operandi of this Agency is conducted in any fashion not in accord with our constitutional system of restraints and checks and balances.

I am, therefore, Mr. Speaker, pleased to rise on the floor today and join with the distinguished chairman of my committee in the thoughts he has conveyed.

As he has said, the case of Laszlo Szabo speaks for itself. A military budget of \$60 billion annually is the answer of a determined American people who are determined to remain free.

Mr. RIVERS of South Carolina. May I say at this point, Mr. Speaker, that the distinguished Director of the CIA, Admiral Raborn, is a dedicated American. He works around the clock in his efforts to protect the security of this country. The CIA is indeed a great organization under his leadership, and it was before. It deserves our protection and our commendation at all times.

Mr. BRAY. Mr. Speaker, will the gentleman yield?

Mr. RIVERS of South Carolina. I yield to the gentleman.

Mr. BRAY. Mr. Speaker, I would like to compliment the gentleman from South Carolina on his remarks and further to associate myself with the sentiments he expressed concerning the Central Intelligence Agency.

As a member of the CIA Subcommittee of the Committee on Armed Services I have had the opportunity to become intimately acquainted with the activities of that Agency during the past several years. As the gentleman said, we are kept constantly in touch with the major intelligence reports available to the CIA and we are kept informed of their activities.

I would like to emphasize the point which the gentleman from South Carolina made concerning the direction of

the CIA. This Agency does what the President tells it to do. It is not autonomous; it does not chart its own course.

There have been many misapprehensions concerning this Agency, including the idea that it is a free-wheeling system of superspies answerable to no one. That is not the case.

Unfortunately, the CIA cannot respond to each attack against it. The nature of its activities requires considerable secrecy. Those of us who know the facts would like to speak up in its defense, but for the most part that is impractical.

I would like to state the confidence and high regard I place in the activities of the Central Intelligence Agency. I believe these attitudes are shared by the other members of the subcommittee. If Americans were fully aware of the job being done by the CIA they would be very proud of it.

The specific matter to which the gentleman referred shows us the kind of thing which the CIA is constantly up against. Here in the words of a Hungarian defector we see the complete, ugly pattern of the Communist attempt to spread lies about the United States and to win the cold war by the basest kind of deceit and treachery.

We recall the news two and a half years ago that counterfeit copies of Newsweek magazine were circulated in Africa in an attempt to foment ill feeling toward the United States. These magazines portrayed in completely false terms the U.S. reaction to the civil rights movement.

Mr. Laszlo Szabo, who spent almost 20 years in the Hungarian Intelligence and Security Service, testified before our subcommittee that the forged issues of Newsweek were planned, printed and distributed by the Hungarian Intelligence and Security Service. He further stated that they were planned in cooperation with the Soviet secret police, the KGB.

In clear and unmistakable language, Mr. Szabo paints the picture of the Communist danger which we still face. He notes that spontaneous demonstrations in front of our embassies behind the Iron Curtain are in reality carefully planned by the police. While the Hungarian police were ordered to prepare a demonstration against our role in the war in Vietnam, the secret police even set aside money to compensate our legation for the property damage which they knew would result from the demonstration.

In training their secret agents, the Hungarian and other Communist services refer to the United States as the "main enemy." In free countries these agents try by every possible means to enlist others in espionage activities. They especially seek out Hungarian refugees and try to force their cooperation by threats against relatives still behind the Iron Curtain.

This man who knows from firsthand experience the terrors of the secret police world detailed one case in which another defector was tracked down and killed by other agents.

Mr. Speaker it is impossible to summarize the dramatic revelations in this amazing story. The Committee on Armed Services has submitted this man's

statement as a House document and its important message is available to every Member of this body.

I believe it is of the highest priority that we all are given this glimpse into the actual practices of the Communist nations and I urge each Member to study this document.

(Mr. BRAY asked and was given permission to revise and extend his remarks.)

Mr. HARDY. Mr. Speaker, will the chairman yield to me?

Mr. RIVERS of South Carolina. I yield to the gentleman from Virginia.

Mr. HARDY. Mr. Speaker, having sat on the committee and having heard all the testimony, I would like to commend to each Member of the House a reading of this document. It will give them a better insight into what the CIA is doing and a better appreciation of the fact that the Agency is working for us.

Mr. RIVERS of South Carolina. May I say, on Document No. 49, the Armed Services Committee will send a copy to every Member of the House. The Members do not have to ask for it. It will be sent to their offices.

Mr. ARENDS. Mr. Speaker, will the gentleman yield?

Mr. RIVERS of South Carolina. I yield to the minority whip.

Mr. ARENDS. Mr. Speaker, I want to commend the chairman of the committee for the actions taken here today. I think it has been not only informative but likewise it impresses on the Members of the House that the Subcommittee on the CIA of the Armed Services Committee is attending to its business. It is carefully watching these activities and doing its level best to be of help in this matter.

It was amazing to me, as I sat through these meetings, to hear of the great job the CIA is doing. They make mistakes. All human beings make mistakes. We are asking them to do almost unbelievable things. They are doing the best to fulfill their objectives. I am pleased with the action taken here today, because once again it emphasizes that the CIA is doing its best. We are working and cooperating with the Agency to the fullest.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. RIVERS of South Carolina. I yield to the gentleman from Oklahoma.

Mr. ALBERT. Mr. Speaker, the distinguished gentleman has certainly done the House a great favor in bringing this information to us.

I particularly want to associate myself with the gentleman in the remarks he has made about the great American who went to the Naval Academy many years ago, from Oklahoma, Admiral Raborn, and his associates in the CIA.

Mr. RIVERS of South Carolina. May I say to the distinguished majority leader, being an Oklahoman did make him a great American.

I thank the gentleman.

Mr. BOLLING. Mr. Speaker, the resolution under consideration provides for an open rule, 1 hour of general debate, on a bill which increases the travel al-

lowance of certain Federal employees. The bill, I understand, will cost about \$40 million. There is little controversy on it from the committee that has reported it.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may consume.

(Mr. SMITH of California asked and was given permission to revise and extend his remarks.)

Mr. SMITH of California. Mr. Speaker, House Resolution 781 provides an open rule, 1 hour general debate, for consideration of H.R. 10607, which has to do with the amendments to the Administrative Expenses Act to provide greater reimbursement of Government employees' moving expenses.

According to a study completed in 1963 by the Civil Service Commission, 80 percent of Federal employees who are moved lose money under the present reimbursement program. The average loss is \$558, with larger losses for larger homes and larger families. Losses are particularly associated with the higher grades, children in the family, and the sale of present homes.

The Bureau of the Budget will administer the new program, including the making of regulations.

The costs are estimated, although they are not firm, at something like \$20 million to \$40 million a year. There are a number of business firms that have expressed an interest in this bill, because the present tax law treats reimbursement funds as ordinary income. The aim is to get this bill passed and try to remove such payments to employees, both Government and private, from ordinary income for tax purposes. Legislation has been introduced on this matter which I believe is pending in the Committee on Ways and Means. The major provisions are set forth on page 2 of the report.

Mr. Speaker, there is no minority report on this legislation. I urge the adoption of the rule.

Mr. BOLLING. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

AMEND ADMINISTRATIVE EXPENSES ACT OF 1946, AS AMENDED

Mr. ROSENTHAL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10607) to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for consideration of the bill H.R. 10607, with Mr. LONG of Maryland in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from New York [Mr. ROSENTHAL] will be recognized for 30 minutes, and the gentleman from Illinois [Mr. ERLBORN] will be recognized for 30 minutes. The Chair now recognizes the gentleman from New York.

Mr. ROSENTHAL. Mr. Chairman, I yield myself such time as I may consume.

(Mr. ROSENTHAL asked and was given permission to revise and extend his remarks.)

Mr. ROSENTHAL. Mr. Chairman, H.R. 10607 was introduced by me at the request of the U.S. Civil Service Commission and reported unanimously by the Committee on Government Operations, which is led and chaired by the distinguished gentleman from Illinois [Mr. DAWSON]. On page 6 of the hearings held before the subcommittee there is reference made to the letter of transmission by the Civil Service Commission which I think shows up the principal thrust of the bill. I would like to read two paragraphs therefrom:

The Civil Service Commission is proposing this legislation both as a matter of equity to employees and as a matter of good administrative practice for Government. Underlying this proposal is the basic principle that when employees are transferred at the request of the Government the object is to improve the efficiency of the service. Transfers are usually made at Government convenience with respect to time, location, and frequency. Financial losses should, therefore, be largely assumed by the Government. A well-conceived and administered reimbursement plan will insure equitable treatment, encourage employees to transfer willingly, and implement internal promotion and career development programs.

The letter goes on to say:

Nonreimbursable costs of moving are significant deterrents to relocation for many employees. If experienced employees are unwilling or unable to take the financial loss, their agency loses their services. The agency may have to promote less well qualified people or spend time and money finding, hiring, and training replacements. This is poor economy in the short run and is even poorer economy in the long run, for a reasonable degree of geographic mobility is an essential element in a sound career service.

Mr. Chairman, therefore we realize that the basic purpose of the bill is to help efficiency and economy be brought about in the Government and also to do equity by the Federal employees who are required to move from one location to another for the benefit of the Government by making the allowances that they now receive by law and regulation more nearly equal to the expenses and often the losses that they must sustain. Many employees have complained to Members of Congress of the costs they bear in such moves. These moves are not adequately reimbursed by the Government.

Mr. Chairman, I have here some letters that are illustrative of this widespread problem. I would like to read to the members of the Committee just a few short paragraphs from some of them.

Mr. Chairman, the first letter was sent to the gentleman from Texas, Mr. EARLE CABELL, referred to the committee, and

was sent by Mrs. H. P. Small, of Dallas, Tex.

Mrs. Small writes as follows:

Subject: Interstate Commerce Commission, freight allowances, U.S. Government relocated personnel.

DEAR MR. CABELL: The freight allowance granted a U.S. Government employee relocating to a new geographic region in or out of continental United States is totally unrealistic.

My husband has been an employee of the U.S. Government for over 25 years—for the most part as a civil service employee. This figure includes nearly 5 years in the U.S. Army.

He has been a dedicated employee—meriting promotions periodically, and now holds a GS-14 classification. Further, he has worked diligently for several agencies—U.S. Civil Service Commission, U.S. Air Force, and now Department of Defense.

His employment in different agencies has necessitated a few transfers and relocations in other geographic regions of the country. It is of this matter I write.

When a U.S. Government employee is transferred, his freight allowance is strictly governed and is entirely inadequate. A family of six, having lived in the same house or region for a few years acquires interests and hobbies that take up space and add weight to a van load. The higher the employee's classification, the more varied the interest of the family he heads, because these are your more inquiring and interested families.

When we made an earlier move we had to dispose of an air conditioner, racks, rocks, shelves, books, toys, dishes, lamps and tables, furniture; we gave away items right and left. Our most recent move in June forced us to give away a sofa, bed, mattresses, books, glassware, dishes, toys, basketball equipment, tetherball set, plants, rugs, records, games, a gas dryer, and shelving in order to stay within our limited freight and move allowance.

It would seem to me that a more realistic figure could be reached so that the average Government family doesn't have to dispose of such a large percentage of their effects in order for the head of the house to accept a new position.

My husband is extremely capable in the line of work he is doing, and has a fine reputation among his superiors for his diligence and knowledge. For this reason he is being considered for a new job in a higher classification at another location. But we cannot afford to move.

Having eliminated so much of our goods, it was necessary to replace some of what we gave away—sofa, mattresses, glassware, etc. Some of this continually mounting expense to the employee could be eliminated if employees were to be granted a larger, greater freight and move allowance.

We were reimbursed for our move at the lowest rate allowable this last time, and I should like you to implement action toward raising the move allowance in keeping with the grades or classifications of the employees.

On behalf of all Federal employees, and their families, I respectfully submit this request.

Yours truly,

Mrs. H. P. SMALL.

Another letter received by a member of the committee, and forwarded directly to the chairman of the committee, was one by Mr. Edward J. Meister of Grand Rapids, Mich. It is a letter addressed to Chairman DAWSON, and reads as follows:

GRAND RAPIDS, MICH.,

July 13, 1965.

DEAR REPRESENTATIVE DAWSON: I request that you give your fullhearted support to the bill before your committee which will ease the burdens of a Government employee who is transferred to a new location. As I understand it, the bill before your committee would provide for preassignment travel expenses for the employee and spouse to seek housing, help in the expenses incurred in buying and selling a home, and help in temporary living quarters expenses and per diem expenses for the employee and his family, plus actual moving expenses for household goods.

I am a career employee with 25 years' service in the Social Security Administration, an agency that requires an employee to move for promotion. I have worked for the Government in Baltimore, Md., Flint, Mich., Lansing, Mich., Dayton, Ohio, and Grand Rapids, Mich., and have acquired some experience in the problems and hardships of moving to a new job plus establishing a new home for my family of four youngsters. I can remember very well the \$1,200 I lost in real estate fees and FHA discount on a home I purchased in Lansing, Mich., in February 1957 and sold 6 months later in order that I could accept a promotion in Dayton, Ohio, with the Government, in which my salary increase amounted to about \$190 more per year (the equivalent of a one-step grade increase from GS-9 to GS-10).

I believe the Government should treat its employees as good as industry does toward all the problems of moving to a new location. It would make promotions and transfers more attractive to better qualified people.

I believe that a schedule for reimbursement of actual expenses be set up for all the expenses incurred by the employee and his family.

I am sure that all Government employees who have moved for the benefit of the Government will endorse the bill before your committee.

Sincerely yours,

EDWARD J. MEISTER.

In another letter received by Chairman DAWSON, from Mr. John N. MacKay of Rome, N.Y., Mr. MacKay writes as follows:

ROME, N.Y.,

April 21, 1964.

The House Post Office and Civil Service Committee,

The U.S. House of Representatives, Capitol Hill, Washington, D.C.

GENTLEMEN: I have been informed that the organization for which I work, is being functionally transferred to Oklahoma City, Okla., by August 1, 1964—a distance of 1,450 miles. Besides myself, are my wife and four children, or a total of six.

Under current civil service moving expense provisions for employees and dependents traveling together, the formula calls for \$16 a day per diem with a blanket 12 cents per mile for the car which for 1,450 miles and 5-day traveltime makes a total reimbursement of \$254.

Opposed to this are the following minimum expenses that will be incurred by a family of six for the 5-day trip:

3 meals a day at \$36.....	\$160
Motel at \$40.....	200
Gasoline.....	35
Total expenses.....	395
Less reimbursement.....	254
Personal deficit.....	-141

The foregoing is just the beginning for me. It does not take into consideration the fact

that after we move, I must find the money to send my son back to New Hampshire for college and pay his first semester fees—that I will lose money on my present home, and, that I will have to find expensive temporary lodging for my family.

As the functional transfer of my position constitutes the "satisfactory offer" of a job, my refusal would leave me without employment. If I accept, I face the certainty of going heavily into debt in a strange community with no established credit. As a career civil service employee just completing 24 years of service, my immediate outlook is bleak indeed. If I elect not to go, I am without income and the Government loses my 24 years of experience—if I go, I face formidable financial odds that are not of my own making.

It is my understanding that your committee is considering measures to correct this situation. I would appreciate your continued efforts in this direction and also, would like to hear from you.

Thank you for your courtesy and indulgence in reading this letter.

Respectfully,

JOHN N. MACKEY.

The last letter is from a housewife. I think it illustrates the real troubles that this family had.

The letter is signed by Mrs. Daniel Dake from Golden, Colo. It was addressed to the gentleman from Illinois [Mr. DAWSON], chairman of the committee. It is as follows:

GOLDEN, COLO.,

January 24, 1966.

Representative WILLIAM DAWSON,
House of Representatives,
Washington, D.C.

DEAR REPRESENTATIVE DAWSON: Our Congressman, ROY MCVICKER, informed us that you are a ranking member of the Government Operations Committee. Perhaps you can help us—at least better inform us on what we feel is quite an important topic.

Why must civil service people move at our employer's whim under such outdated standards?

Congress has made great strides to bring salaries close to private industry, good health benefits, and a decent retirement plan, but when it comes to "pulling up stakes" to move, the advantages are so passé that we cringe thinking about it.

It is no little task to prepare a family for a move—the emotional trauma is enough to shatter my spirit—but to know a financial loss is going to ensue also, is ridiculous. The cost of packing and crating household belongings is not, at present, entirely paid for under the current commuted rates, the cost of insurance is an additional expense, the expense of utilities, mainly telephone hookup charges is paid for by us, the real estate brokers fee is a great expense, the loss on carpets and draperies is another expense private industry allows their employees when they are transferred. Just the loss ensued by us on perishable food items in the refrigerator that must be discarded is a pain to me.

After arriving at a new assignment, there is the additional cost of keeping a family in a motel room until housing is available, usually awaiting the moving van's arrival and then added expenses of carpets and draperies for a different house, the utility connection fees, possibly a realtor's fee, new car license plates and driver's license, straightening out insurance papers on automobiles, etc., and trying to live with the hopes that the furniture isn't too damaged and is repairable, that it won't be too difficult to find new friends, church, and group activities for our family, that we had to leave behind.

I may sound like a naive idiot to you, but after more than a dozen moves since 1955 for the U.S. Bureau of Public Roads, I have learned much concerning transfers and moves—through our own experiences plus being exposed to U.S. military personnel and people in private industries, and I can't help come to the conclusion that civil service transfer tactics are not at all sufficient in most cases to make it worthwhile.

Can't Congress please, after years of passing over this matter, please, please do something?

We, and many of our friends with families, feel why bother to accept a new position when the emotional and financial burden just can't compensate us enough to leave our happy homes and friends when we know that hundreds of dollars will be "down the drain" for us.

To know that we could move and be packed, "lock, stock, and barrel," and also have a few extra days of expense money to cover motel and restaurants until housing is available would greatly soothe many people's minds.

I certainly hope Congress can do something this term, or in the very near future for us who are not the poverty stricken but will be if we have to foot the bill for one more major move.

Sincerely yours,

Mrs. DANIEL DAKE.

There is a P.S. at the bottom. At that time the distinguished gentleman from Ohio, our late colleague, Clarence Brown, was a member of the subcommittee and the postscript was apparently pertinent then. It said:

P.S.—Could you also bring this letter to the attention of Clarence Brown of Ohio, and any other interested committeemen?

Mr. NELSEN. Mr. Chairman, will the gentleman yield?

Mr. ROSENTHAL. I am happy to yield to the gentleman.

Mr. NELSEN. The gentleman made reference to the fact that industry took care of their employees. I think that is as it should be. But it has come to my attention that in the case of employees who get some assistance from industry in moving around, the Internal Revenue Service fails to recognize this as an expense item and they have to pay taxes on that as income. I am wondering whether this particular piece of legislation affects that situation and where a person in the classified service is required to move and gets some compensation for it, whether this is going to be a taxable item as income—which certainly it is not—and I wonder if there could not be some legislative history written with regard to what the intent of the Congress is relative to this problem.

Mr. ROSENTHAL. I would have preferred to finish my statement and respond to the question later, but I know this is a matter that is of great interest to many Members of the House and is a matter that the subcommittee was deeply concerned with so I will briefly respond at this point, and continue with my statement later.

We discussed this matter with the Bureau of the Budget and with all of the Federal agencies concerned and under yesterday's date the Bureau of the Budget addressed a letter to me in which the following question and answer was posed:

Question. What is the current status of moving allowances with respect to whether they must be reported as taxable income for income tax purposes?

Answer. The Internal Revenue Service has held that moving expense allowances which taxpayers receive from their employers must be included as taxable income. The only exceptions have been allowances for subsistence expenses of employees and their families while traveling from old to new posts of duty and for transportation of employees, their families, and household goods. Under this interpretation most of the additional allowances provided under the bill would be considered taxable income. A circuit court of appeals decision upheld the Internal Revenue Service position. The Supreme Court has denied certiorari.

Under this interpretation most of the additional allowances provided in the bill would be considered taxable income. A circuit court of appeals decision upheld the Internal Revenue Service position. The Supreme Court has denied certiorari.

On February 24, 1966, Mr. BURKE introduced H.R. 13070, which is similar to several bills introduced recently. These bills would provide for the exclusion from gross income for income tax purposes of several designated categories of moving expense allowances which are essentially the same as those provided in H.R. 10607.

I trust that answers the gentleman's question.

Mr. NELSEN. I thank the gentleman, and I hope this Congress will do something about it, because it does seem to be ridiculous. When an employee is compensated for a move, which certainly is an expense, he should not be required to pay a tax on it, and I think that point should be clarified in the law. I again thank the gentleman.

Mr. ROSENTHAL. Mr. Chairman, the problems caused to people such as those whose letters I have just read have been magnified enormously by the recent number of base closings. A study conducted by the Civil Service Commission revealed that 4 out of 5 employees who were required to move suffered out-of-pocket losses that averaged for each employee approximately \$558. Certainly our Government does not need to make its employees pay out of their own pockets such a large share of these expenses when these moves are themselves for the benefit of the Government.

The Committee on Government Operations considers this to be inequitable and unfair. It should be remedied.

Before I describe the provisions of the bill, let me emphasize the following:

First. The Administrative Expenses Act, which now provides reimbursement for certain moving expenses, has been on the books for 20 years. This is the basic law being amended. The pending bill treats moving expenses more realistically and adds to those expenses for which reimbursement is now permitted.

Second. The bill is not providing a benefit for any Federal employee. It seeks to save our employees from spending their own funds in situations over which they have little or no control.

Third. Private industry is far ahead of the Government in recompensing its em-

ployees. We received testimony on the extent to which many business concerns underwrite the losses of their transferred employees, sometimes even purchasing the homes they must vacate.

On page 49 of the hearings is a report submitted to the subcommittee by the American Management Association, in which they discuss how industry reimburses personnel for transfer and relocation costs.

Under existing law when Federal employees are moved from one location to another these expenses are reimbursed: The cost of transporting up to 7,000 pounds of household goods; when necessary, the cost of temporary storage of employees' household goods; the cost of transportation of employees and their immediate families to the new duty stations; and the subsistence expenses of employees—but not their families—when en route between the old and new duty stations.

Other expenses frequently incurred are those for household goods and personal effects in excess of 7,000 pounds; the subsistence expenses of members of the moving employee's family while en route to the new duty station; the costs of an advance trip to seek satisfactory living quarters for himself and his family; the rent of temporary quarters while waiting for permanent ones; the costs of selling and buying homes or in canceling leases; and a range of miscellaneous expenses such as connecting and disconnecting appliance, adjusting rugs and draperies, among many others.

To conserve time I will analyze only the principal provisions of the bill:

First. Transportation of furniture and household goods: Section 1, page 2.

The bill raises the current reimbursable weight limit of 7,000 pounds for civilian employees to 11,000 pounds which is the limit Congress has already set for the military. The Civil Service Commission found that families tend to acquire heavier effects these days and one out of every five families required to move had more than 7,000 pounds.

A technical change is also made to permit the Government to exercise discretion in deciding whether employees' household goods would be shipped within the United States through use of Government bills of lading on an actual expense basis or through use of a commuted rate system now in effect. There are instances when savings to the Government may be possible by using the bill of lading.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. ROSENTHAL. I am happy to yield to the gentleman from Iowa.

Mr. GROSS. I see nothing in the report or in the bill itself dealing with insurance coverage on the property that would be transported for Federal employees.

Mr. ROSENTHAL. That is a question to which I can shortly address myself. If the gentleman will permit, I should like to finish the statement.

Second. Family travel expenses: Section 23-1, page 3.

This section provides that an employee may receive per diem allowances for

members of his immediate family while traveling to his new post of duty. The employee already receives the per diem for himself. This means he would be reimbursed for such expenses as food and overnight lodging for those who must accompany him. The maximum under law would be \$16 per day for each member, but the Bureau of the Budget will scale this down depending on the size of the family. I might remind you that this type of an allowance was enacted by Congress for relocated postal workers in the pay bill last year.

Third. Home-seeking trips to new locations: Section 23-2, page 3.

Under the bill an employee, prior to his move, may receive per diem and round-trip transportation expenses for himself and his spouse for one trip to seek permanent residence quarters at his new station. The Budget Bureau will issue regulations governing such house hunting trips. This is a commonly encountered expense which must now be borne by the employee.

Fifth. Temporary quarters at new locations: Section 23-3, page 3.

The bill would permit an employee to be reimbursed for the subsistence expenses of himself and his family while occupying temporary quarters pending the availability of a permanent abode. This could be on an actual expense basis, not to exceed \$16 per day, at average daily rates to be prescribed by regulation. The maximum period for this allowance would be 30 days in the United States but an additional 30 days would be permitted in Hawaii, Alaska, and the territories to allow adequate time for the shipment of household goods. The \$16 maximum—or lower set rate—would apply only for the first 10 days of occupancy of the temporary quarters. For the second 10 days the amount could not exceed two-thirds of the rate, and for periods in excess of 20 days only one-half of the rate.

A similar allowance for temporary quarters was provided for postal workers in the pay bill last year along with 5 days' leave with pay when moving.

Fifth. Real estate transactions: Section 23-4, page 4.

This section provides that reimbursement would be authorized for the transferred employee's expenses of selling his home at his old location, purchasing a new one at the new location, and for settlement of unexpired leases when the expenses of those transactions must be borne by the employee. Such expenses may include legal fees—as for title searches—and broker's commissions, document stamps and transfer taxes, closing or settlement costs, and others as would be prescribed by Budget Bureau regulations. Brokerage fees, and other expenses, however, shall not exceed those customarily charged in the locality where the applicable residence is located. Any loss on the sale of a residence would not be reimbursed.

Sixth. Miscellaneous expenses: Section 24, page 5.

Although the major items of moving expense are identified with the areas mentioned above there are numerous contingencies and smaller items of expense which when taken together come

to sizable amounts. Such items as losses on prepaid fees, auto registration, use taxes, connecting appliances, and many others fall in this category. They are legitimate moving costs which merit reimbursement but they would be administratively burdensome to handle on an actual expense basis. Therefore, the bill proposes an allowance related to the principal determinants of the size of employee moving expenses; that is, salary level and family status. Employee losses on moves increase with grade level and are higher for employees with dependents than for employees without dependents. Single movers would receive the equivalent of 1 week's basic compensation and employees with an immediate family the equivalent of 2 weeks' basic compensation to cover these other costs of moving.

Seventh. Storage of household goods: Section 25, page 5.

This section provides that when transferred employees or new appointees are assigned to permanent stations in isolated locations in the continental United States which do not have residence quarters, they may be reimbursed for storage of this furniture and household goods elsewhere for up to 3 years, or these household goods may be stored in Government-owned facilities if this is more economical.

The Army and the Air Force, for example, are engaged in activating missile sites at remote, sparsely populated locations. The relatively short duration of the projects to activate these sites—8 to 36 months—makes it difficult to interest builders in putting up housing. Consequently, Federal employees assigned to such locations must live in contractor-furnished trailers or similar make-shift quarters where they cannot use their household goods. The costs of storing household goods for extended periods makes employees reluctant to accept such assignments and hampers recruitment. Thus the proposed authority is intended to alleviate this situation where there are no residence quarters at the site or within reasonable commuting distance.

Eighth. Preserving moving expense benefits: Section 27, page 7.

If an employee is separated from the service in a reduction of force or transfer of functions and is appointed or reinstated within 1 year he may still receive the moving expense allowance. The purpose here is to extend the same benefits to persons an agency tries to place during a reduction in force or transfer of functions, but has not successfully placed by the time it is necessary to separate them as are extended to employees the agency is able to retain on the rolls until their transfer.

The bill also contains a provision—section 28, page 8—to protect the Government. In order to receive the expenses allowed under the bill, employees must agree in writing to remain in Government service for at least 1 year after they have moved, unless separated for reasons beyond their control and acceptable to the agency concerned. If the agreement is violated, the amounts al-

lowed for the moving expenses must be returned to the Government.

All of the provisions of this bill will require implementing regulations by the Bureau of the Budget. We have been assured that these regulations will be closely drawn to prevent, as far as possible, any abuse, windfalls or joy rides. The committee will maintain oversight to see that our purposes are carried out with efficiency and economy.

The committee wrestled with the problem of the estimated cost of this legislation. This is most difficult to project because there is very little available experience in some of the areas covered. We prefer to accept the outside figure of \$40 million annually estimated by the Bureau of the Budget and hope that it proves to be lower.

Our aim here, however, is to do equity. I hope all Members will give this legislation an overwhelming vote.

(Mr. ROSENTHAL asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. ROSENTHAL. I am happy to yield to the gentleman.

Mr. GROSS. Mr. Chairman, I still am not clear as to the provision for insurance. Who pays insurance on these moves?

Mr. ROSENTHAL. Insurance on household goods would be a legitimate cost of moving and would be a reimbursable item. There is no question about that.

Mr. GROSS. Would the person transporting the goods be compelled to take out insurance?

Mr. ROSENTHAL. I do not think any one will be compelled to take out insurance.

Mr. GROSS. This is the point. Will the Government in moving and paying transportation costs, assume the liability for this moving? This is quite a problem, I will say to the gentleman, for the Federal Government today.

Mr. ROSENTHAL. This is a very pertinent question. The intention is that the moving should be done by commercial movers. It is within the employee's discretion to take out insurance. I assume good discretion will warrant his taking out insurance. It will be a reimbursable item. I think it should be.

Mr. GROSS. In my opinion the Federal employee being moved ought to carry insurance.

Mr. ROSENTHAL. I agree.

Mr. GROSS. This is a contribution the employee ought to make. I would hope that something is provided statutorily.

Otherwise I can see a big increase in claims bills with the expansion of this program. The Lord knows we have had enough of them in the past few years. I would like to see something in this bill, with the liberalization which I know the Congress will approve, to compel those benefited to take out insurance. That will help solve a growing and costly problem.

Mr. ROSENTHAL. Mr. Chairman, I completely agree with the gentleman. I think this dialog will be helpful. I

frankly believe the Bureau of the Budget will promulgate such a direction as the gentleman suggests.

Mr. HALL. Mr. Chairman, will the gentleman yield?

Mr. ROSENTHAL. I am happy to yield to the gentleman.

Mr. HALL. May I ask, is it safe to assume it is the intention of the members of the committee that, as stated in the bill, 5 U.S.C. 73b-1(a) and so forth, of H.R. 10607, defining the term "employees" as those under the U.S. civil service law and employees of the Government, does or does not therefore include uniformed military service personnel and their moves in the Nation?

Mr. ROSENTHAL. Yes. That is correct. Time does not permit me to answer completely but the Bureau of the Budget does have this language. The committee raised the very same question that the gentleman raises, and they responded as I have done. Time does not permit me to read the text of their answer, but I ask unanimous consent that I be permitted to put it in the Record at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The document referred to is as follows:

Question. To what categories of Government employees and their families would the bill apply?

Answer. The bill would apply to civilian officers and employees of the Government other than those to whom the Foreign Service Act applies. It would not apply to members of the uniformed services who are covered by title 37, United States Code. The bill also applies to the "immediate families" of the civilian officers and employees to whom the bill applies. The term "immediate family" has been defined, in regulations prescribed under the Administrative Expenses Act of 1946, as follows:

"Immediate family" means any of the following-named members of the employee's household: spouse, children (including stepchildren and adopted children) unmarried and under twenty-one years of age or physically or mentally incapable of supporting themselves regardless of age, or dependent parents of the employee (but not of the spouse).

Mr. HALL. That is quite satisfactory.

Mr. Chairman, I would like to ask unanimous consent that I be permitted to revise and extend my remarks and associate my remarks and thought with the colloquy just had between the chairman of the subcommittee, the gentleman from New York, and the gentleman from Iowa [Mr. Gross], because there is pending additional legislation to avoid claims both in transportation of individual effects and household effects and in their storage, which should be well covered in order to prevent the Government assuming these losses, if they are or are not properly insured. We should certainly insist on insurance by those being transferred.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. ROSENTHAL. Mr. Chairman, I yield to the gentleman from California [Mr. DYAL].

Mr. DYAL. Mr. Chairman, this is legislation which, of course, I feel is long overdue. With the phasing out of many bases and increasing others, this puts a sudden burden on thousands of our employees. I am going to support the legislation. Surely they should be somewhat concerned with those who have already been harmed and for whom this bill does not provide relief except for an amendment which I understand will be offered by the gentleman from Pennsylvania later in the session.

I would like to say at this time that I am going to support his amendment.

Mr. ERLNBORN. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. BYRNES].

Mr. BYRNES of Wisconsin. Mr. Chairman, I strongly support the bill (H.R. 10607) to provide for the reimbursement of expenses and losses incurred by the employees of our Federal Government, who must move to a new location for the convenience of the Government. This legislation has been long overdue.

For many years, private industry has recognized the desirability of being able freely to move employees to new locations, where they are needed and their skills can be put to the best use. This rebounds to the benefit of the overall economy. In order to achieve such mobility, private industry has long followed the practice of reimbursing such employees, not only for their actual transportation costs, but for the cost of moving their household goods, the cost of finding living quarters in the new location, the cost of temporary living expenses until such quarters are available, and the like.

In enacting the bill before the House today, we authorize the Federal Government to follow a similar practice, although, of course, there are limitations on the per diem allowances, the amount of goods to be moved, and the like, which are essential for the uniform application of any Federal statute.

I think we must recognize however, that reimbursement for this type of expense meets only a part of the problem. Under the Internal Revenue Code, as interpreted by recent court decisions, reimbursement for moving expenses other than actual transportation costs and subsistence while en route, results in the realization of taxable income by the employee. The fact that the employee may have sustained an out-of-pocket loss does not protect him from the income tax. It would be self-defeating if having passed this bill today, the Federal employee is subjected to an additional tax liability on account of the reimbursement of the moving expense.

For this reason, I have today introduced a bill which would exclude from income any reimbursement for transportation and moving expenses, including such costs as the moving of household goods and personal effects—as well as storage expenses where the move may be of indefinite duration; travel from the former residence to the new place of residence both for the taxpayer, his spouse, and his family; reimbursement for a house-hunting trip to the new loca-

tion by the taxpayer, his spouse or both; and, for meals and lodging of the taxpayer and members of his household at the new place of residence while occupying temporary quarters for a limited period of time. In addition, the bill covers reimbursement for the expenses of disposing of an old residence, or the cancellation of a lease, together with the expenses of acquiring a new residence.

In general, my bill covers the same reimbursement for the same type of expense for which we authorize reimbursement under H.R. 10607. However, since my bill is intended to apply both to the Federal Government and private employers alike, instead of providing maximum limitations which are related to the Civil Service compensation schedules, I have substituted dollar amounts.

Mr. Chairman, it seems to me it is inconsistent to recognize that these expenses are a legitimate expense of the employer, that they are incurred for the convenience of the employer, and then say "yes; but if we reimburse the out-of-pocket and the actual expenses of the employee, he has received income as a result and he must pay income taxes on these funds."

Mr. Chairman, if we take this attitude it just seems to me that we defeat the very purpose that we have in mind here.

Mr. Chairman, I would hope therefore that upon the adoption of this bill in the House, and having indicated by the adoption of this bill that we believe these are appropriate reimbursable expenses, that the Committee on Ways and Means will proceed at the earliest possible date to provide a change in the tax law which will result in the curing of what seems to me to be an intolerable situation.

(Mr. BYRNES of Wisconsin asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. ERLNBORN. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. HORTON. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I am glad to yield to the gentleman from New York.

Mr. HORTON. Mr. Chairman, I just want to commend the gentleman and other members of the Committee on Ways and Means who are concerned about this problem, and to indicate my concern with reference to this problem.

Also I wish to indicate that I feel this is something we should do, because otherwise we are certainly going to limit the mobility of industry in this country. I believe this is one of the problems that we have today—the mobility of employees.

Mr. Chairman, when we have—as the gentleman from Wisconsin has so aptly stated—the employee's mobility limited, then this interferes with the regular commerce and the ability of business to respond to the economic situation in our country.

Mr. BYRNES of Wisconsin. Mr. Chairman, we agree with the gentleman from New York.

Mr. HORTON. Mr. Chairman, if the gentleman will yield further, I am proud to have worked with the other members of the Government Operations Committee on this legislation and to take a stand strongly in favor of its passage.

Under the present situation, the Government is at a serious disadvantage in recruiting and maintaining high-caliber people because of the fact that they are not reimbursed for the necessary and burdensome costs of moving when transferred from one official post to another. Private industry has seen the need for reducing and, where possible, eliminating losses incurred by employees who are transferred for the benefit of and at the request of their employer. Some companies have gone so far as to guarantee the employee against loss from sale of his residence. It is not essential that we go this far, but the Federal Government, as a responsible employer must reimburse those losses and expenses which are generally associated with moving a family.

I believe that H.R. 10607 provides a fair program for placing Federal employees on a somewhat equal ground with employees in the private sector.

There is another aspect of the problem of employees moving expenses which I am concerned about. That is the treatment of reimbursements received by the employee by our Federal income-tax laws. Under present policies of the courts and the Internal Revenue Service, only that part of reimbursement which covers the actual moving of goods, the employee and his family to the new location is exempted from inclusion in the employee's taxable income. Other expenses, many of which are recognized as direct expenses of moving in the bill we are considering, are taxed to the employee as income. The effect of taxing many items of reimbursement is, in too many cases, a wiping away of any benefit of the reimbursement to the employee.

Such items as the house hunting trip by the employee and his spouse, temporary living costs while waiting for permanent quarters, fees incurred in selling the old home, all of which are included in H.R. 10607 as reimbursable moving expenses, are presently considered taxable to the employee.

The Attorney General, when confronted with this problem of tax administration last year, suggested that the Congress should establish a clear policy directive on this question, rather than leaving its resolution to the courts.

I am in agreement with the Attorney General's suggestion, and I think that those of us who cast our votes today in favor of this bill, must also realize the importance of its underlying purpose—the real and beneficial reimbursement of amounts lost by an employee in moving his family for the benefit of his employer. To endorse the principle of reimbursement, without giving serious consideration to the effect of our income tax policies on the reimbursements we authorize is to pursue a constructive and equitable policy with the right hand while eradicating the benefit of that policy without justification with the left hand. It is heartening to note the con-

cern of employers with this point of tax policy as it applies to their employees.

In my own congressional district of Rochester, N.Y., employers have taken an enlightened attitude toward employee moving expenses, and many are concerned about the erosion of reimbursement benefits by Federal tax policies. One employer in my district, which is particularly well known for its healthy employer-employee relationships, the Eastman Kodak Co., has expressed its support of H.R. 10607, both on the basis of equitable treatment of Federal employees, and on the grounds that this bill will bring the whole question of moving expenses under the scrutiny of Congress.

I urge the necessity of enacting H.R. 10607 upon my colleagues, in the hope that we will not only provide equitable reimbursement to Federal employees, but also that we will in the near future, see to it that these reimbursements, and those paid by private industry, will not be needlessly and unfairly eroded by Federal tax policy.

Mr. ERLÉNBOEN. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. CURTIS].

(Mr. CURTIS asked and was given permission to revise and extend his remarks.)

Mr. CURTIS. Mr. Chairman, I want to commend the committee for bringing this bill out for the consideration of the House. I believe it has been entirely too long in coming.

Secondly, Mr. Chairman, I wish to join my colleague, the gentleman from Wisconsin [Mr. BYRNES], in his remarks as to the need to provide an up-to-date tax treatment for these kinds of expenses. Indeed, Mr. Chairman, our better and more advanced private companies have long given these kinds of reimbursements to their employees. It has been a very difficult thing to find that the Internal Revenue Service has come in and interpreted these kinds of expenses as not being proper and, therefore, the moneys paid in reimbursement to these employees are treated as taxable income.

Mr. Chairman, there is no question, as the Joint Economic Committee has been pointing out for years, I believe on both sides of the aisle, that mobility of labor is one of the important aspects of a dynamic economy.

Mr. Chairman, we have many instances where our tax laws are still impeding mobility of labor and so economic growth.

Mr. Chairman, on March 2 I introduced a bill to correct this, and my remarks appear on page 4398 of the RECORD.

But I want to call attention to the fact that our colleague on the Democratic side, a member of the Committee on Ways and Means, the gentleman from Massachusetts [Mr. BURKE] introduced such a bill on February 24. I simply put in an identical bill as other Members have to point up our concern for taking this next step.

I would add further that even if we correct the tax laws in this respect to conform to what the civil service rules will now be on reimbursable moving expenses, we still have a long way to go.

The tax laws for example still say that a worker's home is where his job is. Well, as a matter of fact, thank goodness most of the employees in this country own their own homes and their home is where their family is. This becomes important as companies require employees to travel around like the McDonnell Aircraft employees were asked to move down to Alamogordo, N. Mex., for what was hoped to be a 6 months stay. But then the job extended and went beyond a year and the Internal Revenue Service said—Well, the employee's home is where his job is and therefore the compensation for being out of town is taxable income even though the clear fact was that the man's home was back in St. Louis County, Mo., where his family was and where his kids were going to school. The employees had the added expense of commuting back and forth let alone the expenses of living away from home.

The law still is the same in that respect. I have pointed out in the past about five or six different areas where we have failed to update our tax laws to conform to the great advancement in employment practices in this great dynamic economy which improve the mobility of labor.

I wish the Treasury Department would assist the Congress in updating our tax laws instead of impeding our efforts.

My concluding remarks are these: Back in 1964 when the Committee on Ways and Means was considering the very comprehensive tax bill, many of us tried to have this tax remedy for reimbursable moving expenses that we are now discussing put into the law at that time. We did go part of the way and we did have some improvements in the 1964 tax cut. But even though, as I understood then and pointed out, the Civil Service Commission was going to come out shortly with a liberalization in this area that is now exemplified by the bill before us, and although I argued that we ought to conform to what we could anticipate the Treasury took this adamant position in resisting a full updating of our Internal Revenue Code.

I thank the gentleman for yielding at this time so that I could put some of these thoughts in the RECORD.

I think this bill is a fine movement forward in Federal employment practices and I again say I commend the committee.

Mr. ERLÉNBOEN. Mr. Chairman, I yield 5 minutes to the gentlewoman from Washington [Mrs. MAY].

(Mrs. MAY asked and was given permission to revise and extend her remarks.)

Mrs. MAY. Mr. Chairman, I wish to concur with the remarks of my distinguished colleague from Missouri and say that earlier this month I introduced H.R. 13629, identical to the gentleman from Missouri's bill to exclude from income certain reimbursed expenses.

It is important, I think, to emphasize that the legislation before us at the moment, H.R. 10607, merely authorizes the Government to pay the moving expenses of Government employees transferred to different locations by the Government.

It has nothing to do with Internal Revenue Service.

It is also important, I think, to make it clear that the Internal Revenue Service does not attempt to tax the barebones cost of moving. But IRS does tax everything else connected with moving that may be reimbursed by an employer.

Industry, generally speaking, looks around for bright young men to hire, most of these just out of school. As these young men show promise, industry more and more is attempting to give them an opportunity to develop, which is a mutually advantageous practice to both the man and his company.

For many years industry has followed the practice, whenever it moves a man, to assume the responsibilities of the extra costs it has caused employees to incur, and industry does this by reimbursing the employee not only for the actual costs of transporting him and his family and their furniture to the new job, but also for other essential costs such as the expense of selling the old residence and acquiring a new one. The family may have to be separated for a short time, perhaps the employee must move first while the rest of the family stays behind until the youngsters complete their school term. Perhaps the wife, on the other hand, may have to make an advance trip to the new location to find new living quarters, and so on. These costs are incurred to the benefits of the company, and the company generally pays for them.

Where the injustice in all this occurs is the Internal Revenue Service practice of insisting the employees pay taxes on these reimbursed amounts, just as though they are income to the employee, which they are not.

I join in support of H.R. 10607 because it will remove the present restrictions that limit Federal reimbursement to Government employees for moving expenses. This is a good bill and will correct the situation which has long needed correcting.

I am hopeful the House will today pass H.R. 10607, and I am also hopeful the House will soon give attention to the separate situation which would be corrected by the bill introduced by my distinguished colleague from Missouri and in which I have joined him in cosponsorship.

Mr. ERLÉNORN. Mr. Chairman, I yield to the gentleman from California [Mr. TUNNEY].

(Mr. TUNNEY asked and was given permission to revise and extend his remarks at this point in the RECORD.)

Mr. TUNNEY. Mr. Chairman, I would like to express my support for the bill H.R. 10607, which will provide for reimbursement of certain moving expenses of Government employees. It would also authorize payment of expenses for the storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States. I was happy to be able to cosponsor this legislation last year.

The passage of this legislation will reduce the financial losses incurred by employees when they are transferred in the interest of the Government. A Federal

employee should not be required to absorb the high cost of moving when the move primarily benefits the Government of the United States.

The bill would accomplish four major purposes:

First. It would raise the current statutory limits on the weight of household goods shipped, for which reimbursement can be made, from 7,000 to 11,000 pounds. Employees assigned to isolated areas where no residence quarters are available would be reimbursed for storage of household goods.

Second. It would permit reimbursement of travel expenses to an employee's immediate family while en route to a new official station.

Third. It would cover the expenses of certain real estate transactions resulting from the employee selling his home at his old station and purchasing a new residence at his new station.

Fourth. The employee would receive a flat allowance to cover miscellaneous expenses of their move which are not otherwise provided for.

It is only logical and equitable that when a Federal agency transfers an employee, the agency should pay some of the costs involved in moving.

The transfer of an employee benefits the Government. The payment of a portion of the costs of moving will help to attract talented personnel into Federal service. It would show that the Government has an interest in the future of its employees.

Automation and the closing of Federal installations are examples of the causes of periodic movement of personnel.

Extensive and expanding Federal programs also require career personnel to be constantly on the move throughout the Nation. Nonreimbursable costs of moving have represented significant deterrents to the relocation of many employees. If experienced employees are unwilling or unable to absorb this financial loss, the Government will lose their services. To retain skilled and trained talent we must alleviate as much financial hardship as possible in the movement of Government personnel.

I would therefore like to urge that the House give favorable consideration to the passage of this vitally needed legislation.

Mr. ERLÉNORN. Mr. Chairman, I yield 8 minutes to the gentleman from Pennsylvania [Mr. KUNKEL].

(Mr. KUNKEL asked and was given permission to revise and extend his remarks.)

Mr. KUNKEL. Mr. Chairman, this bill today is a big step forward, but even if passed, there still remains more to be done.

At this time I wish to associate myself vigorously with the proposals outlined so well by the gentleman from Wisconsin [Mr. BYRNES], the gentleman from Missouri [Mr. CURTIS], and the gentleman from Washington [Mrs. MAY]. It seems to me they have stated an essential step to correct a very illogical existing situation. There is no reason why reimbursements by either government or private industry for business expenses should be treated as personal income.

I believe I was probably the first one to introduce a bill along the line of H.R. 10607—I did so as a result of a letter and a bill sent to me by the Chairman of the Civil Service Commission. Of course, the committee has improved the bill and made it better, except in one respect, as to which I will submit an amendment. So I continue to do all I can to secure passage of the bill.

It is an excellent bill both from the standpoint of the Government—in other words, as a matter of good administrative practice—and from the standpoint of the employee. In terms of simple equity for the employee, it is an absolute necessity.

There are several reasons. First, let me call attention again to the survey the Civil Service Commission conducted 3 years ago. They checked into more than 5,000 transfer cases. They found that in 83 out of every 100 cases, the employees lost money in the process of moving their families and households from one area to another.

Moreover, they averaged losing \$558. That is above and beyond what the Government reimbursed them.

Now \$558 is a whale of a lot of money to come out of the pocket of the average Federal employee. What is more, it is a whale of an unfair situation when you consider that virtually every transfer is for the benefit of the Government and at the convenience of the Government.

The benefit to the employee, or his career development, is a secondary consideration at best. His move is intended, in one way or another, to enhance the efficiency of the agency involved. Yet under present law, he too often has to foot a large part of the bill. This legislation will correct that.

The problem of out-of-pocket expenses in these transfers was really driven home to me when the Defense Department began phasing out Olmsted Air Base up in my district last year.

Many of the civilian employees up at Middletown started figuring out how much cold, hard cash it was going to cost them if they accepted functional transfer and followed their jobs to these other bases in Utah and Texas and Oklahoma—and some down to Georgia and out to California. They started writing and talking to me about it, and then I started getting letters from people who had actually moved. These letters were very much along the line of the letters which were read by the chairman of the subcommittee, the gentleman from New York [Mr. ROSENTHAL], a little bit earlier.

It is a crying shame. These people have taken an awful beating—probably an even worse beating than a lot of them realize. One man, for example, sent me a detailed breakdown on the costs of moving his family and household belongings out to California. It added up to \$977 more than what the Government would pay for. I know it did not include all of his costs—just the most obvious ones. He did not even include the costs of selling his home and buying another one.

Incidentally, there was a proposal adopted last year that would have en-

abled the Defense Department to buy those homes at the prevailing market price on the date of the announced closings in November 1964. They would then be turned over to the FHA so that the FHA could hold the properties until the real estate market had had a reasonable chance to adjust itself. The properties would then be sold and the Government paid off. That provision was put in the law last year when the housing bill was enacted, and yet, Mr. McNamara has never requested any funds for that purpose. He did not request them last year. He has said he made a request to the Bureau of the Budget, but he has not and will not give me the information as to what his request was, so I do not know what it is.

I only hope that he does not hold off on this as he has on some other appropriations which the Congress has authorized. This phase of the problem has been brought out by a number of other speakers today. It is enormously important.

There were 11,000 people at the Middletown Air Depot. When that many houses in the same area are thrown on the market at one time, there is bound to be an immediate depreciation. There must be some method whereby the owners of those houses may have an opportunity to let the real estate market adjust itself, so that they will not be faced with an irreparable loss.

Then, when they go to a place like Ogden, with such a big influx of people, the real estate market skyrockets, and the people have to pay more for their new houses—far more than their normal values. The employees get “taken” both coming and going.

Many of the people at Middletown have skills desperately needed at the base to which their jobs are being transferred. But they have been weighing a large number of factors in their minds.

Even if many of them were not born in our community, they have nevertheless become attached to it. They have established homes there. They go to church there. They have friends and relatives there. They balance the transfer offer against the prospect of finding another Federal job in our area or a job in private industry. Add to these factors the high cost of moving. In many cases the result is the man decides to stay put. That costs the Government plenty.

But what does that say about Government efficiency? What it says is that the skills are not going where the Government needs them most. This means a delay in getting some vital jobs done. It means some heavy costs—maybe \$5,000 to \$25,000 a man—in recruiting and training new people to do these jobs.

I have just had information from Oklahoma City that they need 4,000 additional skilled employees there. Most of these skilled mechanics at Middletown are people who have had 5 to 10 year's training on the job. When a man like that is lost, it costs the Government very close to \$25,000 to retrain a new man. A great amount of Government

efficiency and Government saving is involved in this.

A few comparisons also will help us to see this legislation in the proper perspective. In general, private industries large enough to have written policies on the subject provide at least as much assistance to employees as this bill does. Many industries go far beyond it. Similar, or equivalent, assistance is provided by our military forces and for our foreign service people. It is already a requirement for employees of private firms performing defense contracts.

In view of all these things, I trust there is no question but that this bill deserves passage and early enactment.

Mr. Chairman, I include at this point my newsletter No. 10 dated March 17, 1966:

NEWSLETTER NO. 10 OF CONGRESSMAN JOHN C. KUNKEL, 16TH DISTRICT, PENNSYLVANIA

MARCH 17, 1966.

Robert Strange McNamara (sometimes referred to as “Strange Robert”) is a unique man, at least in one respect. It is many years since any Cabinet member has made so many errors and miscalculations and yet retained his job and the confidence of a President of the United States. Time and time again, what Mr. McNamara and his whiz kids and computers say is the case turns out to be something entirely different. Of course, any criticism must, in fairness, be viewed with an overall perspective on the gigantic tasks our Defense Establishment has to perform and on the total job it is doing to protect the country and its vital interests around the world.

It might be well for Mr. McNamara occasionally to admit his errors and try to correct them. If he did this, the public would have more confidence in his level headedness and his judgment. But so far, the only time I can remember him admitting an error was when he confessed he had miscalculated on the number of helicopters to order for Vietnam.

I receive many letters telling about lack of supplies for our boys in Vietnam. Other Members tell me they receive similar letters. Of course, we are not in position to prove all of these things. But it does seem as though Mr. McNamara has made some serious miscalculations. We know he said in March of 1964 that most of the 15,000 U.S. troops in Vietnam should be withdrawn before the end of 1965 and that most of our people would be out of Vietnam shortly thereafter. If he really believed this, and if his calculations were based upon it, then it is easy to see why our boys in Vietnam may be short of some of the supplies they now need. Mr. McNamara still claims that they are completely supplied and have everything they need. Yet I am continuing to urge the Armed Services Committees of both the House and the Senate to continue their checking into this phase of our war effort. We can afford to take no chances in this field. It means American lives.

Perhaps it might be better to shift Mr. McNamara from Secretary of Defense to a job where his talents could be employed in finding cost accounting methods which would save money throughout other departments of the Government. Certainly this is much needed. It could create a great saving for the United States.

At the time of the Olmsted closing, the number of instrument technicians and other skilled people who would accept functional transfers from Olmsted to other military bases was much discussed. The boys from Middletown prepared excellent briefs on this. The vital question was whether enough of

these skilled people would move to these other bases so that their functions could be carried on without undue interruption, and without too much of the delay and enormous cost otherwise involved in recruiting and training people to take their places. It costs a lot of money to train a man to the highly skilled level attained by most of our present and former Olmsted employees.

The Olmsted employees contended that only about 35 percent of our skilled workers at Middletown would accept offers to transfer to these other bases. They warned that these other bases would not have a sufficient pool of skilled people to offset this loss. This would mean a serious slowup in supply and logistics. McNamara's whizz kids discounted and pooh-poohed this argument. One document from Deputy Secretary of Defense Cyrus Vance's office pointed to transfer rates of 44 and 50 percent from two military installations previously closed. Other documents placed great reliance on a transfer figure of 65 percent. This was based on 12,000 job transfer offers made during the first 11 months of 1964. The Department not only said the 35 percent estimate by our Olmsted employees was “unnecessarily low.” It also added the insult of saying that those who made the estimate “did not have access to all information required to make a logical evaluation.”

Well, in this case again—according to the latest information I have—the Department of Defense was wrong. It was dead wrong—and the Department's own figures show it.

I have had placed in my hands a memorandum prepared less than a month ago by the Assistant Director for Community Adjustment under the Assistant Secretary of Defense. It shows that, as of January 31 of this year, only 732 Olmsted employees have accepted functional transfer and moved with their jobs to the other bases. This is out of a total of 4,414 workers whose employment at Olmsted had ended by that time. Divide those figures to get the percentage, and you come out with only about 16½ percent of the employees accepting functional transfer—16½ percent. That is nowhere near the 65-percent figure cited by the Defense Department—or its lower figures, either. It is not even anywhere near the 35-percent estimate by our Olmsted employees, who I am sure allowed every benefit of doubt in arriving at a figure that high.

I was glad to see that 2,252 Olmsted employees had found other Federal jobs. The memorandum indicated that about half of these—1,115—had been hired at Mechanicsburg and New Cumberland.

But the 16½ percent figure indicated to me that the Defense Department must be having some real trouble getting the work done at the bases taking over Olmsted's functions. Then came a letter to me from a former Olmsted worker who is now at the Oklahoma City base. He sent along a clipping from the base newspaper. It said there is now a critical need for 4,000 workers at Oklahoma City Air Materiel Area. It quoted Maj. Gen. Melvin McNickle there as saying, “We're hurting right now to fill 2,000 vacancies.” It told about McNickle leading a delegation to Middletown to try to entice our people to move to Oklahoma City. It quoted the general as saying, “If we don't get them (from Middletown), we will have to go into a training period the likes of which we have never seen before.” The news story further said there are few if any people in Oklahoma with the skills needed to do the job.

I could not help thinking back to one of the documents I received early last year from Deputy Secretary Vance. It estimated the number of skilled workers available around the Oklahoma City base, and it said: “This large pool of skilled labor assures us that, even if no Middletown employees choose to

transfer, the instrument workload transition at Oklahoma City Air Materiel Area can be accomplished with no serious impact."

This was, patently, a grave miscalculation. I wish it had not been, but it was. While I like to be right—and while I find myself and our Olmsted employees to have been correct in our analysis—I wish for the sake of our country that we had been wrong. Particularly is this so in that it came at a time when our Vietnam war effort requires more and more logistical support here at home. From recent reports about our problems over there, I am forced to conclude that it was one of McNamara's many miscalculations.

We have all seen the reports about the shortages of weapons and ammunition and other war materiel showing up in Vietnam. Just the other day, I read about machine-guns being stripped from tanks in Europe to be pressed into service in South Vietnam. A large percentage of our troops have been eating C-rations as a steady diet because of food shortages. Some of our soldiers have written home asking their families to mail them such essentials as combat boots and fatigues and underwear and socks.

The Defense Department's logistical support of our men in Vietnam is now under investigation in the Congress. There is much evidence to show it has not been up to standard. If the decisions leading up to this were as flimsy as those dictating the Olmsted closure, then it is no small wonder.

Mr. Chairman, the main reason for this bill before us today stems from the reorganization of military bases undertaken by the Department of Defense over the past 17 months. I am going to suggest an amendment, as the gentleman from California indicated, that this bill be made retroactive to January 1, 1965.

Those were the largest number of base closings ever in the history of this country. If we do not protect the people who were crucified by those actions of the Secretary of Defense in those closings, then we shall have failed to meet the problem squarely. We will have failed those to whom the greatest injury has been done.

I have talked to the gentleman from New York [Mr. ROSENTHAL], and the gentleman from Illinois [Mr. ERLBORN] on this subject. I know the difficulties with which Congress is faced. I know the long policy against making retroactive legislative. I know the administrative problems involved. They have given me a very fair hearing on this subject. But I still feel that it is up to the House to repair the damage done to those who have been affected already. I hope the Members will support my amendment.

Mr. SAYLOR. Mr. Chairman, will the gentleman from Pennsylvania yield?

Mr. KUNKEL. I yield to the gentleman.

Mr. SAYLOR. Mr. Chairman, I take this time to direct the question to the gentleman handling this bill, the gentleman from New York [Mr. ROSENTHAL]. It has come to my attention that one of the agencies of the Government, namely the Social Security Administration, will not promote a man or woman to a higher grade unless they move the man or woman.

In other words, they do not make promotions in the same town or in the same office. They will only make promotions when they move someone to a different town. This has caused untold expense

to people who are engaged in trying to handle the affairs of social security. Is there anything in this bill which would prevent the social security system from changing its rules and regulations and allowing promotions from assistant manager to manager within a town or area?

Mr. ROSENTHAL. If the gentleman will yield, there is nothing in the bill that covers that point directly. However, earlier in my presentation I read a letter from an individual affected by the identical circumstances that the gentleman refers to. In order to gain a promotion he had to move. The intention of this bill is to make that somewhat easier on the employee. There is nothing in the bill that would cover their policy as far as promotions are concerned.

Mr. SAYLOR. I sincerely hope, while I am very much in favor of this bill, that your committee will look into this matter and determine whether or not there should not be a change in policy in the social security aspects.

Mr. ERLBORN. Mr. Chairman, I yield myself 5 minutes.

(Mr. ERLBORN asked and was given permission to revise and extend his remarks.)

Mr. ERLBORN. Mr. Chairman, speaking, as I am, at the end of the hour of debate, there is not much that I can say about this bill to explain it that has not already been ably said by the gentleman from New York and some of the other speakers. I do want, however, to indicate my support of this bill. I think it is wise. It is far reaching in its application, and it will improve the Federal service and improve the conditions of those employed in the Federal service. I think one of the most forward thinking and one of the most humane of the provisions is the one that provides for the reimbursement of moving expense for those who may have been separated from the service due to a base closing if they are reemployed within 1 year after being separated and if, in such reemployment, it is necessary for them to move from their present location to a new location. I think at this period in time when we are having so many base closings and having had so many last year, this will be one of the provisions that will be utilized immediately. It will be an aid in reemploying those who have, through no fault of their own, been separated from the Federal service. I think also we have made a good record here as to the fact that it is the intention of this Congress, although we cannot do it through this vehicle, to make these reimbursements of expenses nontaxable. Certainly this can be done only by the passage of another substantive piece of legislation, several of which have been discussed during the debate here today. I hope that the Committee on Ways and Means will act favorably on one of those bills so that this bill may reach its fullest meaning and these reimbursement expenses will not be counted as income to the employees, which would mean they would in fact receive only a portion of the benefit that we intend to give them by the passage of this bill.

Mr. MACDONALD. Mr. Chairman, I am happy to have the privilege of addressing my colleagues in the House to-

day to urge their support for H.R. 10607. The bill provides moving expense payments to civilian Government employees when they are forced to relocate as a result of their employee relationship to the Federal Government. I myself was pleased to be the original sponsor within the Committee on Government Operations of a similar proposal.

The purpose of H.R. 10607 is to make the Government truly competitive with the private sector in terms of attracting and retaining desirable talent. Thus far the Congress has considered legislation to create such comparability only insofar as rates of direct compensation are concerned. The proposal before us today would extend this principle to include reasonable moving expenses as well.

The original concept for this legislation comes from the Civil Service Commission's own recently conducted survey on employee moves. This study of over 5,000 Federal employees shows that every day of the year nearly 100 employees are relocated to suit the purposes of their employer, the Federal Government. Over 80 out of every 100 of these lose money on their move. The study shows further that the average out-of-pocket cost for each employee is \$560 and many persons lose over \$1,000 when they are forced to transfer. It would seem reasonable under accepted practices of modern business for these losses to be absorbed by the employer.

The burden of the present Government practice, vis-a-vis its employees, is especially unfair in view of the Nation's current drive for economy. Military bases and other Federal installations and facilities in my home State of Massachusetts, as well as elsewhere around the country, are being closed down in increasing numbers. Whatever the merits of these shutdowns may be, the inevitable result is a great hardship on those who must move home and family in order to stay employed.

The general rule of thumb contained in H.R. 10607 is to compensate employees who are forced to move from one Federal job to another for whatever might be the complete and reasonable costs of that move. Such a guideline seems to me to be realistic. If the Federal Government is to continue to efficiently administer the great number of programs which circumstances dictate that it must, then we in the Congress must see to it that the Government as an employer is able to attract the kind of people who can do a topnotch job. The persons who will benefit from the increased efficiency are, of course, the citizens we represent, the entire Nation as a whole.

In conclusion, therefore, I call upon my colleagues here in the House to vote in favor of the bill that is before them now, realizing that to do so is to strengthen the entire country which we are privileged to represent.

Mr. DONOHUE. Mr. Chairman, I most earnestly urge and hope that my colleagues will unanimously approve this measure before us, H.R. 10607, to provide for reimbursement of certain expenses of moving and storage to Federal employees when they are transferred from one duty station to another for the benefit and

convenience of the Government. I have had firsthand observation and experience in this matter because of the phasing out of certain Defense Department facilities in my district and the transfer of the career employees to other and remote sections of the country. Obviously there are great and severe human and material hardships associated with such unhappy developments and especially when the people affected have had long service and are deeply rooted in the area communities.

There is nothing that can be done to assuage the individual and family human hardships that arise from the necessity to suddenly move to an unfamiliar region in another part of the country, but this Government can and should do something to alleviate the great financial hardships that are visited upon the worker and his family when these most distressing events occur.

The purpose of this bill is to extend simple justice to these Federal employees who are so suddenly uprooted from their longtime home environment and forced, in order to retain their employment, to move to another community with their children and household effects. It is easy to imagine the terrible difficulties of trying to sell your home, locate another one in a new area, make arrangements for shipping your household goods, get the children enrolled in new schools, and still report to your work station within a stated interval.

Hitherto, this could not be accomplished without the individual suffering severe financial losses which this bill is designed to correct. The measure proposes to raise the weight limit on the amount of household goods to be shipped for which reimbursement can be made, to allow travel expenses reimbursement to the employee's immediate family in going to the new work station and permit certain expenses that are incurred while the employee and his wife are trying to find suitable living accommodations in their new location. The measure further provides limited reimbursement for expenses incurred in the selling of his primary home and purchasing a new home in the community area to which he has been transferred.

Mr. Chairman, the principle of reimbursing employees for transfer expenses has long been followed in private business; the reimbursement provisions of this bill are certainly well within reason and the basic objective of the bill is to extend simple justice to loyal and faithful Government employees who are being transferred for the benefit of the Government. I hope this House will overwhelmingly approve the measure without further delay.

The CHAIRMAN. There being no further requests for time, the Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (a) of section 1 of the Administrative Expenses Act of 1946 (60 Stat. 806, as amended; 5 U.S.C. 73b-1(a)), is amended by—

(1) striking the words "the Act of February 14, 1931" appearing in the first paren-

theses contained therein, and inserting in lieu thereof "section 4 of the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 837)";

(2) striking the word "seven" appearing in the second parentheses contained therein, and inserting in lieu thereof the word "eleven";

(3) striking out of the first proviso contained therein the words "the Subsistence Expense Act of 1926 (5 U.S.C. 828)" and inserting in lieu thereof the words "section 5 of the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 838)".

(b) Subsection (b) of section 1 of the Administrative Expenses Act of 1946 (60 Stat. 807, as amended; 5 U.S.C. 73b-1(b)), is amended by adding the following words immediately before the period at the end of the first sentence in the subsection, "except that payment of actual expenses may be made whenever, under regulations prescribed by the President, the head of the agency determines that such method of payment is more economical to the Government."

SEC. 2. The Administrative Expenses Act of 1946 (60 Stat. 806), as amended, is further amended by adding the following new sections:

"SEC. 23. Under such regulations as the President may prescribe and to the extent deemed necessary and appropriate, as provided therein, appropriations or other funds available to the departments for administrative expenses shall be available for the reimbursement of all or part of the following expenses of officers or employees for whom the Government pays expenses of travel and transportation under subsection (a) of section 1 of this Act:

"(1) The expenses of per diem allowance in lieu of the subsistence expenses of the immediate family of the officer or employee while en route between his old and new official stations, not in excess of the maximum per diem rates prescribed in or pursuant to section 3 of the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 836).

"(2) The expenses of per diem allowance in lieu of subsistence of the officer or employee and his spouse, not in excess of the maximum per diem rates prescribed in the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 836), and the expenses of transportation to seek permanent residence quarters at a new official station when both the old and new stations are located within the continental United States, excluding Alaska, provided that such expenses may be allowed only for one round trip in connection with each change of station of the officer or employee.

"(3) The subsistence expenses of the officer or employee and his immediate family for a period of thirty days while occupying temporary quarters when the new official station is located within the United States (including the District of Columbia, its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone: *Provided*, That the period of residence in temporary quarters may be extended for an additional thirty days when the officer or employee moves to or from Hawaii, Alaska, the territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone, except that reimbursement for subsistence expenses actually incurred may not exceed an amount determined from such average daily rates per person as may be prescribed in such regulations, but not in excess of the maximum per diem rates prescribed in or pursuant to section 3 of the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 836), for the localities in which the temporary quarters are located, for the first ten days of such period, two-thirds of such rates for the second ten days, and one-half for the balance of such period, including the additional thirty days.

"(4) The expenses of the sale of the residence (or the settlement of an unexpired lease) of the officer or employee at the old official station and purchase of a home at the new official station required to be paid by him when the old and new official stations are located within the United States (including the District of Columbia), its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone, but reimbursement for brokerage fees on the sale of the residence shall not exceed such fees as are customarily charged in the locality where the residence is located and no reimbursement shall be made for losses on the sale of the residence. This provision applies regardless of whether the title to the residence or the unexpired lease is in the name of the officer or employee alone, in the joint names of the officer or employee and a member of his immediate family, or in the name of a member of his immediate family alone.

"SEC. 24. Under such regulations as the President may prescribe and to the extent deemed necessary and appropriate, as provided therein, and notwithstanding other reimbursement authorized under this Act, an officer or employee who is reimbursed under section 1(a) or section 23 of this Act shall, if he has an immediate family, receive an amount equal to two weeks' basic compensation, or, if he does not have an immediate family, an amount equal to one week's basic compensation: *Provided*, That such amounts shall not exceed amounts determined from the maximum rate of grade GS-13 in the General Schedule of the Classification Act of 1949, as amended.

"SEC. 25. Under such regulations as the President may prescribe—

"(a) Whenever any civilian officer or employee (including any new appointee in accordance with section 7(b) of this Act, as amended) is assigned to a permanent duty station at an isolated location in the continental United States, excluding Alaska, to which he cannot take or at which he is unable to use his household goods and personal effects because of the absence of residence quarters at such location, nontemporary storage expenses or storage at Government expense in Government-owned facilities (including related transportation and other expenses), whichever is more economical, may be allowed such officer or employee under regulations issued by the head of the Executive Department or agency concerned. In no instance shall the weight of the property stored under this subsection, together with the weight transported under section 1 or section 7(b) of this Act, exceed the total maximum weight the officer or employee would be entitled to have moved, and the period of nontemporary storage shall not exceed three years.

"(b) This section does not authorize reimbursement to officers and employees traveling under orders issued more than sixty days prior to the effective date of this section.

"SEC. 26. Under such regulations as the President may prescribe and notwithstanding the provisions of the fourth proviso of section 1(a) of this Act, in transfers between departments for reasons of reduction in force or transfer of function, expenses authorized under section 1, subsections (a) and (b) and subsections (e) and (f) other than expenses authorized in connection with transfers to foreign countries, and under sections 23 and 24 of this Act may be paid in whole or in part by the department from which the officer or employee is transferred or by the department to which he is transferred, as may be agreed upon by the heads of the departments concerned.

"SEC. 27. Under such regulations as the President may prescribe, a former officer or employee separated by reason of reduction in force or transfer of function who is reemployed within six months of the date of such separation by a nontemporary appointment

at a different geographical location from that where such separation occurred may be allowed and paid the expenses authorized by section 1 of this Act, and may receive the benefits authorized by sections 23 and 24 of this Act, in the same manner as though he had been transferred to the location of re-employment from the location where separated in the interest of the Government without a break in service.

"Sec. 28. Notwithstanding the provisions of subsections (a) and (b) of section 1, and of sections 23, 24, 25, and 27 of this Act, the travel and transportation expenses, including storage of household goods and personal effects, and other relocation allowances shall not be allowed thereunder when a civilian officer or employee is transferred within the continental United States, excluding Alaska, unless and until such officer or employee shall agree in writing to remain in the Government service for twelve months following his transfer, unless separated for reasons beyond his control and acceptable to the department or agency concerned. In case of violation of such agreement, any moneys expended by the United States under said sections of this Act on account of such officer or employee shall be recoverable from him as a debt due the United States."

Sec. 3. Regulations under this Act shall be prescribed within ninety days following the date of enactment but shall be retroactive to such date.

Mr. ROSENTHAL (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the bill be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. GROSS. Mr. Chairman, I move to strike out the requisite number of words.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I would like to ask the gentleman from New York [Mr. ROSENTHAL] a question or two about the bill. The phrase "transferred at the convenience of the Government" has been used several times this afternoon. What about an employee who asks to be transferred? Would that employee be transferred at the convenience of the Government?

Mr. ROSENTHAL. No.

Mr. GROSS. Then, this bill would not apply to the employee who seeks a transfer to another job?

Mr. ROSENTHAL. The answer to that question is that it would not apply to him.

Mr. GROSS. Earlier we discussed to some extent the insurance phase of the bill. Do I understand that the gentleman's committee or some other committee of the Congress is proposing to do something about the subject of insurance to be carried on household goods that are transported under the terms of this bill?

Mr. ROSENTHAL. The Bureau of the Budget indicated to us that this is a matter that they were deeply concerned with, as is the gentleman from Iowa, and they intended to handle it by regulation. As I said earlier, I am in complete agreement with the gentleman that insurance is something that should be obtained on the transfer of household goods and it should be an allowable expense.

Mr. GROSS. I thank the gentleman. Am I correct in assuming that schedule (C) appointees in Government will be covered as well as Class Act employees? In other words, that political appointees in Government will be covered by the bill?

Mr. ROSENTHAL. Under the first section of the bill it says that, "Under such regulations as the President may prescribe, any civilian officer or employee of the Government who," and it continues to go on and says that in the interest of the Government is transferred.

Mr. Chairman, I believe the gentleman would conclude from that that any civilian officer, or one who meets that definition, would come under the definitions of this bill.

Mr. GROSS. I see.

Would it be reasonable to assume that the cost-plus contracts into which the Government enters with private enterprise have had a bearing and contributed to the pressure for this legislation?

In other words, cost-plus contractors working for the Federal Government have no trouble insofar as I know in adding moving costs of their employees to the costs that are charged to the Government.

I just wondered if in the hearings on this bill and in the development of this legislation the gentlemen has found that this created pressure for the legislation?

There have been statements made this afternoon that private industry is increasingly paying the moving expenses of employees.

I wonder how much of this might be attributable to the cost-plus contracts which run into the billions of dollars?

Mr. ROSENTHAL. Mr. Chairman, if the gentleman from Iowa will yield further, I recall no direct testimony on the point that the gentleman from Iowa raises.

I believe the major emphasis of the bill is directed toward the inequity that the Federal employees suffered in not being compensated for these expense items. Apparently there was some limitation on behalf of the Federal Government, or reluctance, to move employees around as freely as they would like, and also some reluctance on the part of the employees to make these moves. However, I believe the gentleman from Iowa makes an interesting observation.

Mr. GROSS. Well, I will say to the gentleman from New York and to the Members of the House that this bill is going to result in a substantial increase in costs to the Federal Government.

It is my understanding that more than 100,000 employees are going to be added to the Federal payroll this year.

Mr. Chairman, I do not know how the taxpayer can be expected to live with these burdens, if the number of Federal employees continues to be increased at that rate, and if the fringe benefits to Federal employees are to be increased. This bill, if finally enacted, does represent another fringe benefit.

Mr. Chairman, I hope the Members of the House and all Members of Congress will keep in mind the fact that as the number of Federal employees increase, and 100,000 in 1 year is a lot of them,

so will the direct costs of employees in specific jobs, and added must be the fringe benefits as embodied in bills of this kind.

Mr. Chairman, I hope the House will take cognizance of this. I hope there will soon be some sign—some indication—that the expansion of the already huge Central Government is going to end.

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 4, line 7, strike out "Zone, except that" and insert in lieu thereof "Zone; *Provided further, That*".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 5, line 1, strike out "shall not exceed such fees as are customarily" and insert in lieu thereof "and other expenses under this subsection shall not exceed those customarily".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 5, line 15, strike out "equal to" and insert in lieu thereof "not to exceed".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 5, line 16, strike out "equal to" and insert in lieu thereof "not to exceed".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 7, line 10, strike out "six months" and insert in lieu thereof "one year".

The committee amendment was agreed to.

AMENDMENT OFFERED BY MR. KUNKEL

Mr. KUNKEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KUNKEL: Page 8, strike out lines 11 to 13, inclusive, and insert in lieu thereof the following:

"Sec. 3. Regulations under this Act shall be prescribed within ninety days following the date of enactment of this Act but shall be retroactive to the effective date of the amendments made by this Act.

"Sec. 4. The amendments made by this Act shall become effective as of January 1, 1965."

Mr. KUNKEL. Mr. Chairman, my amendment makes the provisions of this bill retroactive to January 1, 1965. As presently written, the provisions would apply only to employees transferring after enactment of the bill.

I submit that this legislation would not have come before this Congress had it not been for the military base closings announced by Secretary of Defense McNamara in November of 1964. Time and again, the Civil Service Commission has

made reference to the base closings as a motivating factor behind this bill.

But the fact is that thousands of Defense Department employees already have moved, or are in the process of moving, under the old law which provides completely inadequate reimbursement of the expenses involved.

Unless this bill is made retroactive, we are going to be faced with a vast inequity—an unfortunate paradox. Employees moving before enactment of this bill will have been compensated at far lower rates than employees of the same department moving after enactment of this bill. But all of the moves are dictated and made necessary by the same program.

Remember this: The military base closings announced in 1964 are still in progress. More base closings were initiated only last December. They, too, are still underway.

If this bill is not made retroactive, then we will be treating one group of employees in a different and far less suitable manner than another group.

And yet all of these employees actually are in the same boat. They really have no choice about when they are transferred—whether it is before the enactment of this bill or after its enactment.

More important, they are all affected by the same set of orders—the military base closings orders of November 1964, and December 1965. The lives and small savings of all of these employees—regardless of their dates of transfer—have been and will be affected by the same set of orders.

My amendment carries the provisions of this bill back to what I think is a logical date. It is the start of the past calendar year. Undoubtedly, few if any Defense Department employees were transferred before that time as a result of the November 1964 orders.

Mr. Chairman, we have a rare situation here. This is not a case where, at any given time, just a few employees here and there throughout the Government are being transferred. This is a case where large numbers of employees, all at the same time and all at the same Federal installations, have been confronted with the unhappy prospect of moving. The impact has been immense.

This fact, more than anything else, has brought to the fore—in their minds as well as our minds—the inequities of the existing provisions for moving expenses. Make no mistake. It also has brought to the fore, in their minds, the injustice which will result if one group has been compensated inadequately under the old law and another group is compensated adequately under a new law.

Over the years, Mr. Chairman, I have been proud of the way this body has taken action on countless occasions to correct inequities showing up in our laws.

Except for the abrupt manner in which Secretary McNamara announced the base closings in November 1964—let alone those of last December—the Congress would have had an opportunity to help make these massive transitions less burdensome and less disruptive for the individuals involved.

By all standards—except that we were taken by surprise—this bill should have been, and would have been, enacted many months ago.

It was not enacted many months ago, but we can correct that by adopting my amendment to make it retroactive.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield to the gentleman from Iowa.

Mr. GROSS. How much will your amendment cost?

Mr. KUNKEL. I cannot tell the gentleman that.

Mr. GROSS. I thank the gentleman.

Mr. ROSENTHAL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the subcommittee considered this amendment. In response to an inquiry made by the distinguished gentleman from Pennsylvania, we communicated with the Bureau of the Budget about this problem. Their answer was as follows:

Question. There have been proposals to make the bill applicable on a retroactive basis in order to include groups of employees who have been moved to new stations recently. Would this be feasible?

Answer. It would not be feasible to make the bill effective retroactively because the employees, in most instances, would be unable to substantiate their expenses through the submission of receipts, or other acceptable evidence, in instances where receipts would be required. For example, allowances for expenses of temporary quarters must be supported with receipts, and similar evidence would be required for expenses of selling and buying residences. We believe in most instances such records would be unavailable and incomplete and consequently it would not be feasible to provide the allowances on a retroactive basis.

Because, Mr. Chairman, the regulations have yet to be promulgated and because all of the evidentiary support that would be required under the regulations would more than likely be unavailable, we must oppose the amendment of the distinguished gentleman from Pennsylvania and urge that it be defeated.

(Mr. KUNKEL asked and was given permission to revise and extend the remarks previously made.)

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. ROSENTHAL. I am delighted to yield to the gentleman from Arizona.

Mr. UDALL. I merely wish to take this opportunity to commend the Committee on Government Operations for bringing out this piece of legislation. I also wish to commend the administration for proposing it, because this is based upon an original administration proposal submitted last year.

In our Committee on Post Office and Civil Service we have encountered many instances where a transferred employee was penalized by several hundred dollars. I remember one case of an FAA employee who was assigned to a new station across the country and lost as much as \$800 by being transferred. I think the Government is attempting to and should be a model employer. We want to provide benefits of this kind for the very dedicated and very able people who make Government service a career.

So I intend to support this bill, and I wish to commend the author of it and all of those who made it possible for us to vote on it here today.

Mr. ROSENTHAL. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. KUNKEL].

The amendment was rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. LONG of Maryland, Chairman of the Committee on the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 10607) to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States, pursuant to House Resolution 781, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. ROSENTHAL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

SUPPORT GROWS FOR PLAN TO SELL SILVER DOLLARS TO AMERICAN CANCER SOCIETY AND AMERICAN HEART ASSOCIATION

(Mr. PATMAN asked and was given permission to extend his remarks at this point in the Record, and to include extraneous matter.)

Mr. PATMAN. Mr. Speaker, a number of members of the Banking and Currency Committee have introduced legislation which would permit the Treasury Department to sell silver dollars to the American Cancer Society and to the American Heart Association.

The bills would permit the two health organizations to resell the silver dollars using the profits exclusively for research

H. R. 10607

TO AMEND THE ACT OF MARCH 3, 1879,
RELATIVE TO THE

LANDS OF THE

UNITED STATES, AND FOR OTHER PURPOSES.

AN ACT

Enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior be and he is hereby authorized to make such survey and plat of the lands of the United States as may be required for the purpose of the act of March 3, 1879, and for other purposes, and to cause the same to be recorded in the proper office of the General Land Office.



89TH CONGRESS
2^D SESSION

H. R. 10607

IN THE SENATE OF THE UNITED STATES

MARCH 25, 1966

Read twice and referred to the Committee on Government Operations

AN ACT

To amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) subsection (a) of section 1 of the Administrative
4 Expenses Act of 1946 (60 Stat. 806, as amended; 5 U.S.C.
5 73b-1 (a)), is amended by—

6 (1) striking the words “the Act of February 14,
7 1931” appearing in the first parentheses contained there-

1 in, and inserting in lieu thereof "section 4 of the Travel
2 Expense Act of 1949 (63 Stat. 166, as amended; 5
3 U.S.C. 837)";

4 (2) striking the word "seven" appearing in the
5 second parentheses contained therein, and inserting in
6 lieu thereof the word "eleven";

7 (3) striking out the first proviso contained there-
8 in the words "the Subsistence Expense Act of 1926 (5
9 U.S.C. 828)" and inserting in lieu thereof the words
10 "section 5 of the Travel Expense Act of 1949 (63
11 Stat. 166, as amended; 5 U.S.C. 838)".

12 (b) Subsection (b) of section 1 of the Administrative
13 Expenses Act of 1946 (60 Stat. 807, as amended; 5 U.S.C.
14 73b-1 (b)), is amended by adding the following words
15 immediately before the period at the end of the first sentence
16 in the subsection " , except that payment of actual expenses
17 may be made whenever, under regulations prescribed by
18 the President, the head of the agency determines that such
19 method of payment is more economical to the Government."

20 SEC. 2. The Administrative Expenses Act of 1946 (60
21 Stat. 806), as amended, is further amended by adding the
22 following new sections:

23 "SEC. 23. Under such regulations as the President may
24 prescribe and to the extent deemed necessary and appro-
25 priate, as provided therein, appropriations or other funds

1 available to the departments for administrative expenses
2 shall be available for the reimbursement of all or part of the
3 following expenses of officers or employees for whom the
4 Government pays expenses of travel and transportation under
5 subsection (a) of section 1 of this Act:

6 “(1) The expenses of per diem allowance in lieu of the
7 subsistence expenses of the immediate family of the officer
8 or employee while en route between his old and new official
9 stations, not in excess of the maximum per diem rates pre-
10 scribed in or pursuant to section 3 of the Travel Expense
11 Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 836).

12 “(2) The expenses of per diem allowance in lieu of sub-
13 sistence of the officer or employee and his spouse, not in
14 excess of the maximum per diem rates prescribed in the
15 Travel Expense Act of 1949 (63 Stat. 166, as amended;
16 5 U.S.C. 836), and the expenses of transportation to seek
17 permanent residence quarters at a new official station when
18 both the old and new stations are located within the conti-
19 nental United States, excluding Alaska, provided that such
20 expenses may be allowed only for one round trip in connec-
21 tion with each change of station of the officer or employee.

22 “(3) The subsistence expenses of the officer or em-
23 ployee and his immediate family for a period of thirty days
24 while occupying temporary quarters when the new official
25 station is located within the United States (including the

1 District of Columbia, its territories and possessions, the
2 Commonwealth of Puerto Rico, and the Canal Zone: *Pro-*
3 *vided*, That the period of residence in temporary quarters
4 may be extended for an additional thirty days when the
5 officer or employee moves to or from Hawaii, Alaska, the
6 territories and possessions, the Commonwealth of Puerto
7 Rico, and the Canal Zone: *Provided further*, That reimburse-
8 ment for subsistence expenses actually incurred may not
9 exceed an amount determined from such average daily rates
10 per person as may be prescribed in such regulations, but not
11 in excess of the maximum per diem rates prescribed in or
12 pursuant to section 3 of the Travel Expense Act of 1949
13 (63 Stat. 166, as amended; 5 U.S.C. 836), for the localities
14 in which the temporary quarters are located, for the first
15 ten days of such period, two-thirds of such rates for the
16 second ten days, and one-half for the balance of such period,
17 including the additional thirty days.

18 “(4) The expenses of the sale of the residence (or the
19 settlement of an unexpired lease) of the officer or employee
20 at the old official station and purchase of a home at the new
21 official station required to be paid by him when the old and
22 new official stations are located within the United States
23 (including the District of Columbia), its territories and pos-
24 sessions, the Commonwealth of Puerto Rico, and the Canal
25 Zone, but reimbursement for brokerage fees on the sale of the

1 residence and other expenses under this subsection shall not
2 exceed those customarily charged in the locality where the
3 residence is located and no reimbursement shall be made for
4 losses on the sale of the residence. This provision applies re-
5 gardless of whether the title to the residence or the unexpired
6 lease is in the name of the officer or employee alone, in the
7 joint names of the officer or employee and a member of his im-
8 mediate family, or in the name of a member of his immediate
9 family alone.

10 “SEC. 24. Under such regulations as the President may
11 prescribe and to the extent deemed necessary and appropriate,
12 as provided therein, and notwithstanding other reimbursement
13 authorized under this Act, an officer or employee who is re-
14 imbursed under section 1 (a) or section 23 of this Act shall,
15 if he has an immediate family, receive an amount not
16 to exceed two weeks’ basic compensation, or, if he does not have
17 an immediate family, an amount not to exceed one week’s basic
18 compensation: *Provided*, That such amounts shall not exceed
19 amounts determined from the maximum rate of grade GS-13
20 in the General Schedule of the Classification Act of 1949, as
21 amended.

22 “SEC. 25. Under such regulations as the President may
23 prescribe—

24 “(a) Whenever any civilian officer or employee (in-

cluding any new appointee in accordance with section 7 (b) of this Act, as amended) is assigned to a permanent duty station at an isolated location in the continental United States, excluding Alaska, to which he cannot take or at which he is unable to use his household goods and personal effects because of the absence of residence quarters at such location, nontemporary storage expenses or storage at Government expense in Government-owned facilities (including related transportation and other expenses), whichever is more economical, may be allowed such officer or employee under regulations issued by the head of the Executive Department or agency concerned. In no instance shall the weight of the property stored under this subsection, together with the weight transported under section 1 or section 7 (b) of this Act, exceed the total maximum weight the officer or employee would be entitled to have moved, and the period of nontemporary storage shall not exceed three years.

“(b) This section does not authorize reimbursement to officers and employees traveling under orders issued more than sixty days prior to the effective date of this section.

“SEC. 26. Under such regulations as the President may prescribe and notwithstanding the provisions of the fourth proviso of section 1 (a) of this Act, in transfers between departments for reasons of reduction in force or transfer of function, expenses authorized under section 1, subsections

1 (a) and (b) and subsections (e) and (f) other than ex-
2 penses authorized in connection with transfers to foreign
3 countries, and under sections 23 and 24 of this Act may be
4 paid in whole or in part by the department from which the
5 officer or employee is transferred or by the department to
6 which he is transferred, as may be agreed upon by the heads
7 of the departments concerned.

8 “SEC. 27. Under such regulations as the President may
9 prescribe, a former officer or employee separated by reason
10 of reduction in force or transfer of function who is reem-
11 ployed within one year of the date of such separation by a
12 nontemporary appointment at a different geographical loca-
13 tion from that where such separation occurred may be
14 allowed and paid the expenses authorized by section 1 of
15 this Act, and may receive the benefits authorized by sections
16 23 and 24 of this Act, in the same manner as though
17 he had been transferred to the location of reemployment from
18 the location where separated in the interest of the Govern-
19 ment without a break in service.

20 “SEC. 28. Notwithstanding the provisions of subsections
21 (a) and (b) of section 1, and of sections 23, 24, 25, and 27
22 of this Act, the travel and transportation expenses, including
23 storage of household goods and personal effects, and other
24 relocation allowances shall not be allowed thereunder when

1 a civilian officer or employee is transferred within the con-
2 tinental United States, excluding Alaska, unless and until
3 such officer or employee shall agree in writing to remain in
4 the Government service for twelve months following his
5 transfer, unless separated for reasons beyond his control and
6 acceptable to the department or agency concerned. In case
7 of violation of such agreement, any moneys expended by the
8 United States under said sections of this Act on account of
9 such officer or employee shall be recoverable from him as a
10 debt due the United States.”

11 SEC. 3. Regulations under this Act shall be prescribed
12 within ninety days following the date of enactment but shall
13 be retroactive to such date.

Passed the House of Representatives March 23, 1966.

Attest:

RALPH R. ROBERTS,

Clerk.

AN ACT

To amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

MAY 25, 1966

Read twice and referred to the Committee on
Government Operations

SENATE June 15, 1966

13. FUND ADJUSTMENTS. The Government Operations Committee reported without amendment H. R. 6438, to authorize any executive department or independent establishment of the Government, or any bureau or office thereof to make appropriate reimbursement between the respective appropriations available to such departments and establishments, or any bureau or office thereof (S. Rept. 1284). p. 12528
14. PUBLIC DEBT. The Finance Committee reported without amendment H. R. 15202, to provide, for the period beginning on July 1, 1966, and ending June 30, 1967, a temporary increase in the public debt limit set forth in section 21 of the Second Liberty Bond Act (S. Rept. 1275). p. 12528
Sen. Williams, Del., submitted an amendment intended to be proposed to this bill (p. 12541) and Sen. Tower expressed his opposition to the bill (pp. 12624-5).
15. PARITY PRICES. The Agriculture and Forestry Committee reported with amendments S. Con. Res. 88, relative to parity prices for agricultural commodities (S. Rept. 1276). p. 12528
16. RESEARCH ANIMALS. The Commerce Committee reported with amendments H. R. 13881, to authorize the Secretary of Agriculture to regulate the transportation, sale, and handling of dogs, cats, and other animals intended to be used for purposes of research or experimentation (S. Rept. 1281). p. 12528
17. PERSONNEL. Sen. Scott submitted an amendment intended to be proposed to H. R. 10607, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States. p. 12541
18. FARM PROGRAM. Sen. Dirksen commended and inserted two editorials on the "plight of the farmer and Federal interference." pp. 12545
19. MILK. Sen. Proxmire commended and inserted the testimony by Sen. Montoya supporting S. 2921, to provide a special milk program for children. p. 12568
Sen. Proxmire stated "the production of milk is going to be grossly insufficient to meet the Nation's needs unless the Secretary acts promptly to lift the support price to at least \$4 a hundredweight and promptly." p. 12577
20. WATER. Sen. Tower spoke in support of the bill to create a National Water Commission and inserted an article, "Water for the Future." pp. 12571-2
Sen. Muskie stated that while it is too early to determine whether "our fears were justified" over the transfer of the new Federal Water Pollution Control Administration from HEW to Interior, he is "encouraged" to read that Secretary Udall "is optimistic" about the new administration in his Department. pp. 12578-9
21. CLEAN AIR. Sen. Muskie commended and inserted an article, "Developing Abatement Policies Under the Clean Air Act." pp. 12580-2
22. FORESTS. Sen. Morse spoke against the "irresponsible proposal to rip open the Federal forests in Oregon," stating that it would "involve the cutting of the protective green strips that separate logged-over sections of Federal forests." pp. 12657-9

23. DISASTER RELIEF. Sen. Pearson urged additional programs to provide reasonable and necessary relief for tornado victims. pp. 12575-7
24. PRICE STATISTICS. Sen. Proxmire questioned the accuracy and reliability of price statistics information, and inserted an article, "'Primitive' Price Statistics?" pp. 12546-9
25. SCREW-WORM. Sen. Tower expressed his support for the screw-worm eradication bill and urged "overwhelming approval" by the Senate. pp. 12568
26. FOREIGN AID. Sen. McClellan commended the work of the Inspector General's Office of Foreign Assistance, and inserted articles on this subject. pp. 12568-9
27. COSPONSORS. Sen. Tower was added as a cosponsor of S. 3385, to make surplus property available to State health, education, and civil defense agencies. p. 12542-3
Several Senators were added as cosponsors of S. 3408, to strengthen inter-governmental cooperation and the administration of grant-in-aid programs. p. 12543
28. HOLIDAY RECESS. Sen. Mansfield announced that it is now planned for the Senate to recess from close of business on July 1 through the week of July 4. pp. 12545-6

BILLS INTRODUCED

29. LABELING. H. R. 15707 by Rep. Multer, to regulate interstate and foreign commerce by preventing the use of unfair or deceptive methods of packaging or labeling of certain consumer commodities distributed in such commerce; to Interstate and Foreign Commerce Committee. Remarks of author pp. 12713-4
H. R. 15708 by Rep. O'Neill of Mass., to regulate interstate and foreign commerce by preventing the use of unfair or deceptive methods of packaging or labeling of certain consumer commodities distributed in such commerce; to Interstate and Foreign Commerce Committee. Remarks of author p. 12665
30. HOLIDAYS. H. R. 15699 by Rep. Celler, relating to national observances and holidays; to Judiciary Committee.
31. CIVIL DEFENSE. H. R. 15703 by Rep. Long of La., to amend the Federal Civil Defense Act of 1950 to authorize certain activities and measures to minimize the effects of natural disasters; to Armed Services Committee.
32. ORGANIZATION. H. R. 15705 by Rep. Moorhead, to redesignate the Department of the Interior as the Department of Natural Resources and to transfer certain agencies to and from such Department; to Government Operations Committee.
33. POVERTY. H. R. 15710 by Rep. Price, relating to the poverty area amendment; to Public Works Committee.
34. TORNADO RELIEF. H. R. 15718 by Rep. Mize, to provide assistance to the State of Kansas for the reconstruction of areas damaged by recent tornadoes; to Public Works Committee.

H. R. 10607

IN THE SENATE OF THE UNITED STATES

JUNE 15, 1966

Referred to the Committee on Government Operations and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. SCOTT (for himself and Mr. CLARK) to H.R. 10607, an Act to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States, viz: Beginning with line 11, page 8, strike out all to and including line 13, page 8, and insert in lieu thereof the following:

1 SEC. 3. Regulations under this Act shall be prescribed
2 within ninety days following the date of enactment of this
3 Act but shall be retroactive to the effective date of the
4 amendments made by this Act.

5 SEC. 4. The amendments made by this Act shall be-
6 come effective as of January 1, 1965.

Amdt. No. 605

Amdt. No. 605

89TH CONGRESS
2D Session

H. R. 10607

AMENDMENT

Intended to be proposed by Mr. Scott (for himself and Mr. Clark) to H.R. 10607, an Act to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

JUNE 15, 1966

Referred to the Committee on Government Operations
and ordered to be printed

June 29, 1966

10. INFORMATION. Rep. Findley commended Rep. Rumsfeld for his "effective work" in behalf of S. 1160, the freedom of information bill. pp. 13990-1
11. JOB CORPS. Rep. Quie inserted an editorial criticizing the Job Corps. p. 13996
12. FISH PROTEIN. Rep. Keith urged action on the bill to authorize construction and operation of pilot plants to produce fish protein concentrate. p. 13996
13. OPINION POLL. Rep. Albert inserted the results of a public opinion poll reflecting "a consensus of support for the President" in the handling of his job. pp. 14009-10
14. MANPOWER. Received a GAO report of review of selection and use of training authorized by the Manpower Development and Training Act of 1962. p. 14010
15. ADJOURNMENT. Agreed to H. Con. Res. 804, that when the House adjourns on Thursday, June 30, 1966, it stand adjourned until 12 o'clock noon on Monday, July 11, 1966. p. 13951

SENATE

16. MANPOWER. Passed with amendments S. 2974, to amend the Wagner-Peyser Act so as to provide for more effective development and utilization of the Nation's manpower resources by expanding, modernizing, and improving operations under such Act at both State and Federal levels. pp. 14013, 14020-34
17. SCREW-WORM. Passed H. R. 14888, to authorize this Department to cooperate with the Mexican Government in screw-worm eradication in Mexico, with an amendment to substitute for its text the language of S. 3325, the companion bill. S. 3325 was indefinitely postponed. pp. 14048-49
18. SCHOOL LUNCH. The Agriculture and Forestry Committee voted to report (but did not actually report) S. 3467 with amendments, to strengthen and expand food service programs for children. p. D592
The District of Columbia Committee voted to report (but did not actually report) S. 1312, to authorize funds for the administration of school lunch programs in the D. C. p. D592
19. PERSONNEL. The Government Operations Committee voted to report (but did not actually report) H. R. 10607, to provide reimbursement of additional moving expenses of Federal employees. ~~pp. 14032~~
20. SURPLUS PROPERTY. The Government Operations Committee voted to report (but did not actually report) S. 2610, to grant Federal and State agencies priorities for obtaining surplus Government property prior to its sale. p. D592
21. GRAIN STANDARDS. Received from this department a proposed bill to provide for U. S. standards and a uniform national inspection system for grain; to Agriculture and Forestry Committee. p. 14035
22. SCHOOL MILK. Sen. Proxmire commended and discussed National Milk Producers' Federation testimony urging separate school milk and school lunch programs. p. 14064

23. TARIFF. Agreed to S. Con. Res. 100, expressing the sense of Congress with respect to certain agreements which would necessitate modification of duties or other import restrictions. pp. 14042-8
24. PESTICIDES. Sen. Ribicoff criticized as a "step backward" reported plans for disbanding the special unit of the Public Health Service dealing with pesticides. p. 14074
25. WATER RESOURCES. Sen. Moss urged U. S.-Canadian cooperation on water resource development and use and inserted two speeches (one his own) on the subject. pp. 14074-7
26. FISH PROTEIN. Sen. Pell spoke in favor of recently passed S. 2720, authorizing a demonstration program for producing fish protein concentrate, and inserted several articles on the subject. pp. 14032-7
27. RESEARCH. Sen. Fong commended the formation of the National Oceanography Association as a welcome development in the growth of marine science and technology. pp. 14058-9
28. LIBRARIES. Sen. Tower lauded the recent passage of H. R. 14050, to extend and amend the Library Services and Construction Act. p. 14060
29. HOUSING. Sen. Hart discussed increasing "difficulties" in the relocation of families, individuals, and businesses displaced by Federal or Federally assisted programs and inserted two articles on the subject. pp. 14069-71

ITEMS IN APPENDIX

30. FARM PRICES. Rep. Gross inserted an agricultural analyst's letter to him which presents the "relationship between the underpayment to American agriculture and the tremendous expansion of public and private debt." pp. A3484-5
31. OPINION POLLS. Reps. Latta and Griffiths inserted the results of opinion polls, including items of interest to this Department. pp. A3491, A3496
32. MILK MARKETING. Rep. Green, Pa., inserted an article, "Federal Controls At A Snail's Pace", critical of the alleged delay by this Department in amending certain milk marketing orders. pp. A3491-2
33. POVERTY. Rep. Brademas inserted Sargent Shriver's testimony on this program. pp. A3509-11
Extension of remarks of Rep. Quie criticizing the poverty program and inserting an article. pp. A3519-20
34. FOREIGN AID. Extension of remarks of Rep. Gallagher stating that "the true value of economic aid is an investment in the people who are willing to help themselves", and inserting David Bell's address recounting foreign aid efforts. pp. A3516-9

BILLS INTRODUCED

35. PERSONNEL. H. R. 16051 by Rep. Fulton of Tenn., to permit officers and employees of the Federal Government to elect coverage under the old-age, survivors,

OFF

Ag

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued July 1, 1966
For actions of June 30, 1966
89th-2nd; No. 108

CONTENTS

Adjournment.....20	Food for peace.....27	Reclamation.....8,24,38
Agricultural record.....9	Foreign aid.....21,34	Recreation.....4
Air pollution.....19	Fund adjustment.....42	Research.....23,33
AID.....6	Grain.....41	School lunch.....1
Appropriations.....42,43	Inflation.....30	School milk.....12
Balance of payments.....14	Information.....10,35	Screw-worm.....13
Child nutrition.....19	Labeling.....26	Small business.....17
Cosponsors.....5	Legislative	Surplus property.....2
Cotton.....23	accomplishments.....7	Transportation.....31
Dairy industry.....16	Legislative program..19,34	Typewriters.....11
Economy.....29	Marketing.....26	Veterans' benefits.....40
Education.....16,45	Nomination.....6	Water pollution.....19,39
Farm news.....10	Opinion poll.....32	Water resources.....22
Farm prices.....9,30	Patents.....18	Watersheds.....25
Farm program.....9,28	Pay.....3,19	Wheat.....28
Fish protein.....37	Personnel.....3,19,45	Workweek.....45
Food additives.....44	Procurement.....11	World food policy.....15

HIGHLIGHTS: House agreed to conference report on cotton research-promotion bill. House Rules Committee cleared foreign aid authorization bill. Sen. Mansfield inserted this Department's letter re agricultural record. Sen. Miller inserted article commenting on Secretary Freeman's statement on reporting of farm news. Sen. Proxmire praised committee action on school milk bill. Sen. Murphy favored passage (Continued on page 5)

SENATE

1. SCHOOL LUNCH. The District of Columbia Committee reported without amendment S. 1312, to authorize funds for the administration of school lunch programs in the D. C. (S. Rept. 1352). p. 14098
2. SURPLUS PROPERTY. The Government Operations Committee reported without amendment S. 2610, to grant Federal and State agencies priorities for obtaining surplus Government property prior to its sale (S. Rept. 1356). p. 14098

3. PERSONNEL. The Government Operations Committee reported without amendment H. R. 10607, to provide reimbursement of additional moving expenses of Federal employees (S. Rept. 1357).
Sen. Williams, Del., criticized the rate of increase in Federal employment under the present administration. pp. 14144-5
The Federal employees pay bill was made the unfinished business. pp. 14172-7
4. RECREATION. Passed without amendment S. 3510, to authorize the Secretary of the Interior to study the feasibility and desirability of the Connecticut River National Recreation Area (pp. 14114-5). The report on this bill had been submitted by the Interior and Insular Affairs Committee on June 29, during adjournment (S. Rept. 1345) (p. 14095).
5. COSPONSORS. The following were added as additional cosponsors of bills and joint resolution: Sens. Jordan, Church, Allott, Douglas, and Magnuson as cosponsors on S. 3522, the agricultural trade statistics reporting bill; Sen. Bayh as cosponsor on S. 3210, to give Congressional consent and approval to the Indiana-Illinois Air Pollution Control Compact; and Sen. Boggs as cosponsor on S. J. Res. 172, to proclaim a yearly day of recognition for firefighters. pp. 14111-2
6. NOMINATIONS. Received the nomination of William S. Gaud, to be Administrator of the Agency for International Development. p. 14232
7. LEGISLATIVE ACCOMPLISHMENTS. Sen. Mansfield discussed and inserted a brief summary of "all major general bills upon which the Senate has acted this session." pp. 14227-32
8. RECLAMATION. Sen. Case spoke in opposition to the proposed Grand Canyon, Colorado River legislation. p. 14129
Passed without amendment H. R. 14312, to increase the authorization for appropriations for continuing the work on the Missouri River Basin project. S. 3186, a similar bill was indefinitely postponed (pp. 14117-8). This bill will now be sent to the President.
9. AGRICULTURAL RECORD. Sen. Mansfield inserted a letter from the Department citing the agricultural record during the 1960's and requested that the heading be "The Agricultural Record Since 1961 - Setting the Record Straight." pp. 14140-1
10. FARM NEWS. Sen. Miller inserted an article entitled "Real and Meaningful Farm News" commenting on a statement by the Secretary regarding reporting farm news. p. 14142
11. TYPEWRITERS; PROCUREMENT. Sen. Williams, Del., criticized agencies' spending of funds at the end of the fiscal year and stated that "This year the Department of Agriculture has gone on a spending spree and has procured 2,900 typewriters for use in optical scanning." p. 14144
12. SCHOOL MILK. Sen. Proxmire praised the S. Agriculture and Forestry Committee for its work on S. 3467, the Ellender school milk bill which the Committee ordered reported on June 29. p. 14145
13. SCREW-WORM. Sen. Murphy commended the passage of the screw worm eradication bill. pp. 14147-8

TO AMEND THE ADMINISTRATIVE EXPENSES ACT OF 1946 TO PROVIDE FOR REIMBURSEMENT OF CERTAIN MOVING EXPENSES OF EMPLOYEES, AND TO AUTHORIZE PAYMENT OF EXPENSES FOR STORAGE OF HOUSEHOLD GOODS AND PERSONAL EFFECTS OF EMPLOYEES ASSIGNED TO ISOLATED DUTY STATIONS WITHIN THE CONTINENTAL UNITED STATES

JUNE 30, 1966.—Ordered to be printed

Mr. McCLELLAN, from the Committee on Government Operations, submitted the following

REPORT

[To accompany H.R. 10607]

The Committee on Government Operations, to which was referred the bill (H.R. 10607), to amend the Administrative Expenses Act of 1946 to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE

This bill would amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving and storage expenses of Federal employees when transferred from one official duty station to another, in the interest of the United States.

The bill would authorize, under such regulations as the President may prescribe, the head of each Federal department and independent agency to reimburse employees for moving their household goods and personal effects, transportation and subsistence of their families, and other allowances when such employees are transferred. At the present time, only a part of such expenses are paid by the Government, and the remainder must be paid by the transferred employee. The Civil Service Commission conducted a survey of over 5,000 employees transferred by the Government in fiscal year 1962. It found that approximately 83 percent of those employees incurred losses averaging

more than \$500 and that a significant number lost more than \$1,000 per move.

Unreimbursed expenses frequently incurred are those for moving household goods and personal effects in excess of 7,000 pounds; the subsistence expense of members of the moving employee's family while en route to the new duty station; the cost of an advance trip to seek satisfactory living quarters for himself and his family; the rent of temporary quarters while waiting for permanent living quarters; the cost of selling and buying a residence or in canceling leases; and a range of miscellaneous expenses such as connecting and disconnecting appliances, adjusting rugs and draperies, among many others.

This bill seeks to remedy this situation by providing additional benefits and allowances, so that employees will not have to incur financial losses when transferred at the request of the Government.

The principal features of the bill provide for—

1. An increase in the weight limitation allowed for shipment of household goods from 7,000 to 11,000 pounds for each family.

2. One round trip to the new location for the employee and his spouse for the purpose of obtaining a place to live; and financial assistance for subsisting the employee's immediate family while en route to the new station.

3. Storing an employee's household goods in certain areas where housing is in short supply, or not immediately available.

4. Payment of certain real estate transactions resulting from the employees' sale or purchase of residence, or lease settlement of rented quarters, incident to transfer from the old to the new station.

5. The payment of a cash allowance up to \$632 to cover miscellaneous expenses of the transferred employee.

Although not in the nature of allowances, the bill contains two additional significant provisions. In order to assure that the Government does not pay the moving expenses of employees who do not intend to remain in Government service after they are moved, the bill provides that employees must agree in writing to remain with the Government for at least 1 year after they move, unless separated for reasons beyond their control. If the agreement is violated, the amounts allowed by the Government as moving expenses must be refunded.

The other provision would permit the Government to exercise judgment in deciding whether an employee's household goods shall be shipped by the Government on Government bills of lading or shall be shipped by the employee under the commuted rates system applicable under the current law to transfers within the contiguous 48 States. Under the commuted rate system the employee selects the household goods carrier and has his goods moved. He is then reimbursed by the Government under a scale of reimbursement which is based upon commercial tariffs, applicable to the general public and approved by the Interstate Commerce Commission. This method has proven satisfactory generally but in some instances the use of the Government bill of lading method would be less costly to the Government. The bill would permit the Government to use the more economical method, depending upon the circumstances.

EXISTING LAW

At the present, under the Administrative Expenses Act, civilian employees of the Government may be reimbursed for four kinds of moving expenses, they are: (1) The cost of transporting up to 7,000 pounds of household goods, (2) the temporary storage of employees' property, under certain conditions, (3) the transportation of employees and their families, and (4) subsistence expenses of employees—but not their families—when traveling to the new duty station.

For the military the Government provides a special relocation allowance, equal to the basic monthly allowance for quarters, for a member of the uniformed services whose dependents move when he has a permanent change of station. (Career Incentive Act of 1955, Public Law 20, 84th Cong.).

In addition, the Government provides for officers and employees transferring under the Foreign Services Act of 1946 allowances and reimbursement covering many expenses of the kinds proposed to be covered under this bill (60 Stat. 1025, 1026, and 1027). Legislation passed in the 86th Congress provides other civilian employees assigned to foreign areas with special transfer allowances for extraordinary, necessary, and reasonable expenses, not otherwise compensated for (Public Law 86-707).

BACKGROUND

H.R. 10607 was drafted by the U.S. Civil Service Commission and submitted to Congress for introduction during the early part of 1965. Similar proposals were introduced in the Senate, as S. 2374 and S. 2516, and referred to this committee for consideration. The Civil Service Commission urges enactment of this legislation stating that:

Such action is needed if we are to facilitate administrative action lessening the economic hardships employees must face when forced to move at the convenience of the Government. This is especially true because the program for closing surplus bases of the Department of Defense is continuing.

If the Government expects to attract, retain, and develop top-quality people, it must provide, in addition to pay, the kind of working conditions necessary to achieve those sound objectives. Agencies now hesitate to require employees to move because of the financial losses they sustain. It is not only a question of fairness to employees, it is a matter of prudent administration to protect the Government's investment in its skilled manpower by paying the legitimate costs of transfer.

* * * most private employers reimburse moving expenses to the extent recommended in this legislation and in many instances they go substantially beyond the limits that are proposed here.

The Executive and Legislative Reorganization Subcommittee on the House Committee on Government Operations held extensive hearings on H.R. 10607, at which time Mr. John W. Macy, Chairman of the Civil Service Commission, and Mr. Elmer B. Staats, former Deputy Director of the Bureau of the Budget testified in support of the bill. Three Members of Congress, a representative from the

General Accounting Office, and several officials from labor unions and Federal employee organizations also appeared and urged the committee to take favorable action on the proposed legislation. The bill was reported by the committee on October 21, 1965, and passed the House of Representatives, with amendments on March 23, 1966.

The amendments approved by the House of Representatives provided for (a) Making the limitations imposed by section 23 on subsistence expenses apply to transfers taking place within the United States; (b) limiting reimbursement for brokerage fees and other expenses to those fees customarily charged in each community; (c) limiting the allowance for miscellaneous expenses to 2 weeks base pay for an employee with a family and 1-week compensation for an employee without a family—but in no event to exceed GS-13 salary and (d) extending from 6 months to 1 year the period of reemployment after separation when an employee will be eligible for reimbursement of moving expenses.

This bill would enable the Government to more nearly meet the actual expenses incurred by the transferred employee who is uprooted and moved in the interest of the Government. It will provide uniform financial assistance for moving each member of the family, rather than paying all of the expenses of the employee but making no allowance for members of his immediate family. It has been estimated that more than 35,000 employees a year are involved in transfers at the request of the Government and that the vast majority must use personal funds to help pay the cost of moving to the new place of employment.

Except for some relief for postal employees, similar to that proposed by H.R. 10607, no change in the basic law or allowances has been given to Federal employees since 1948.

THE ALLOWANCES AUTHORIZED BY H.R. 10607 SHOULD NOT BE TAXABLE

The Internal Revenue Service has held that, under the present law, allowances or reimbursements to employees for moving expenses constitutes taxable income to the employees, with the exception of allowances, or reimbursements for moving an employee's family and household goods, his personal effects, and meals and lodging while in transit to the new location. The Service maintains that, with this exception, allowances or reimbursements for moving expenses are compensation paid to an employee, and furthermore maintains that employers should withhold income tax on the amounts paid. Thus, allowances or reimbursements for such items as house-hunting trips, temporary living expenses, and real estate fees are presently deemed reportable as income and taxable. The committee considered a proposed amendment to H.R. 10607 which would specifically have exempted the allowances and benefits authorized by this bill from taxation, unless, of course, the taxpayer should realize a gain from such reimbursement.

The committee endorses the intent of this proposed amendment. However in view of the jurisdictional problems which might be raised as a result of adding such language to this bill and in view of the fact that general legislation similar to the proposed amendment is currently pending before the Ways and Means Committee of the House and the Finance Committee of the Senate, the amendment was not adopted.

The committee is of the view, however, that the general purpose and effect of H.R. 10607 would be seriously diluted if the benefits and allowances authorized thereunder are deemed taxable as income. In this regard the committee is in full accord with the following testimony given on this matter by John W. Macy, Chairman of the Civil Service Commission before the House Committee:

* * * the basic philosophy behind this legislation would indicate that this is not compensation, this is not additional income. This is reimbursement, and therefore, should not be taxable.

ESTIMATED ANNUAL COST

The committee was informed that enactment of this bill might cost as much as \$40 million per year, depending on the number of transfers authorized by the head of each agency, the number of employees and size of the families transferred from one location to another.

AGENCY COMMENTS

In response to requests by the chairman of the committee for comments and recommendations on the bill, the Bureau of the Budget, U.S. Civil Service Commission, Department of Defense, Atomic Energy Commission, National Aeronautics and Space Administration and the General Accounting Office strongly recommend favorable action on the proposed legislation.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., April 25, 1966.

HON. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the views of the Bureau of the Budget on H.R. 10607, a bill to amend the Administrative Expenses Act of 1966, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

The Bureau of the Budget strongly recommends enactment of the bill.

H.R. 10607 would authorize the Government to pay certain allowances, in addition to those currently authorized under the Administrative Expenses Act of 1946, when employees are transferred to new posts of duty for the benefit of the Government. The new allowances are designed to reimburse employees more adequately for their necessary moving expenses since for many years they have suffered losses.

The Civil Service Commission conducted a survey of actual moving expenses incurred by over 5,000 employees transferred in fiscal year 1962. It showed that approximately 83 percent of these employees incurred losses averaging more than \$500, and that a significant number lost more than \$1,000 per move. The allowances authorized

in the bill are based upon allowances contained in a legislative proposal which the Civil Service Commission submitted to the Congress, modified to the extent of the inclusion of certain limitations and conditions.

At present, the Administrative Expenses Act authorizes reimbursement for four kinds of moving expenses, as follows:

The cost of transporting up to 7,000 pounds of household goods.

When necessary, the cost of temporary storage of household goods.

The cost of transportation of employees and their immediate families to the new duty stations.

The subsistence expenses of employees (but not of their families) en route to the new duty stations.

Employees who must move incur many costs in addition to those now authorized. For example, in many instances employees own more than 7,000 pounds of household goods and effects and at present either must pay a portion of the carriers' bills or else dispose of a portion of their property before they move. When employees move their families, the families as well as the employees incur subsistence expenses en route to the new duty stations. Frequently, the employees and their families must make trips to the new locations, in advance of their actual transfers, in order to find satisfactory permanent quarters. Also, employees incur substantial costs of selling and buying homes or in canceling leases. In addition, employees must incur a variety of miscellaneous costs, such as costs of new automobile registrations, connecting appliances, etc.

H.R. 10607 would liberalize the existing allowances in order to reimburse employees more adequately for their expenses. The Government has an obligation to pay the reasonable costs of the employees who are transferred by the Government. We believe the bill is designed to meet that obligation and, hence, recommend enactment of H.R. 10607. Enclosed is a statement explaining the allowances contained in the bill.

Sincerely,

WILFRED H. ROMMEL,
Assistant Director for Legislative Reference.

EXPLANATORY STATEMENT OF ALLOWANCES CONTAINED IN H.R. 10607

H.R. 10607 would liberalize existing allowances under the Administrative Expenses Act of 1946, as amended, to authorize payment of allowances to cover the following kinds of costs incurred by employees who are transferred by the Government to new permanent posts of duty.

First, the current statutory maximum weight of household goods and personal effects which can be shipped at Government expense would be increased from 7,000 to 11,000 pounds. The present maximum was established when the act was enacted in 1946. Since then most employees have acquired additional household conveniences such as dishwashers, dryers, deep-freezes, power mowers, etc., and the 7,000-pound limit is clearly no longer adequate in many instances. The proposed statutory maximum of 11,000 pounds is consistent with that applicable to uniformed personnel of the military services. Coast Guard, Coast and Geodetic Survey, and Public Health Service.

Employees without immediate families would not need the maximum allowance of 11,000 pounds. The bill would permit the Bureau of the Budget to continue its practice of establishing limitations below 11,000 pounds for these employees.

Second, the bill would authorize payment of a per diem allowance to cover subsistence expenses of employees' immediate families when traveling to the new posts of duty. At present only their transportation is paid. The amount of the per diem allowance is limited to the maximum per diem allowance authorized under the Travel Expense Act of 1949, as amended, for employees in travel status. The maximum presently authorized in this country is \$16 a day but we contemplate that the administrative regulations would prescribe lesser amounts in appropriate instances.

Third, the bill would authorize payment of transportation expenses and per diem for employees and their spouses for one round trip between the old and new duty stations for the purpose of seeking permanent residence quarters prior to their actual move. The Civil Service Commission survey showed that approximately 60 percent of the employees with families found it necessary to make these house-hunting trips at their own expense. The bill would authorize these trips only when both the old and new stations are located within the contiguous 48 States and the District of Columbia. This per diem allowance likewise could not exceed the maximum authorized under the Travel Expense Act for employees in travel status. It would be subject to administrative limitations in the regulations to prevent the payment of maximum allowances under circumstances when these trips would not be necessary or when lesser allowances would be justified.

Fourth, the bill would authorize payment of subsistence expenses of employees and their families while occupying temporary quarters awaiting the opportunity to move into permanent quarters. The payment would apply when the new official station is located within the United States (including the District of Columbia), its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone. However, this provision would be subject to two limitations.

The first limitation is that employees could not be reimbursed for more than 30 days' occupancy of temporary quarters when the new official station is located within the contiguous 48 States and the District of Columbia. Reimbursement for an additional 30 days could be authorized when employees are transferred to or from Alaska, Hawaii, the Commonwealth of Puerto Rico, the Canal Zone, or the territories and possessions of the United States. The additional time is provided because of the greater length of time required for the shipment of household goods.

The second limitation would provide for gradual reductions in the amount of reimbursement for subsistence expenses. For the first 10 days in temporary quarters, the allowances for the employees and for the members of their immediate families could not exceed the statutory maximum per diem allowance for employees in travel status. The maximum allowance would be two-thirds of the statutory maximum per diem allowance during the next 10 days and one-half for the remainder of the period in temporary quarters. As appropriate, these maximums could be reduced further by the administrative regulations. This descending scale is intended to provide for a

reimbursement of actual subsistence expenses incurred while encouraging employees to move into permanent quarters as soon as possible.

Fifth, the bill would authorize the reimbursement of expenses actually incurred by employees in settling unexpired leases or in selling their homes at the old stations and buying new homes at the new stations. It applies where both the old and new official stations are located within the United States (including the District of Columbia), its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone. The bill provides that reimbursement for brokerage fees on the sale of homes and other expenses under the provision shall not exceed those customarily charged in the locality where the homes are located. Reimbursement for losses on the sale of homes is specifically prohibited. The Civil Service Commission survey showed that approximately 1,200 of the 5,037 employees included in the survey incurred costs in selling their homes at the old stations which averaged \$677 and that about 1,000 of the employees incurred costs averaging \$297 on the purchase of homes at their new stations.

Sixth, the bill would authorize the payment of a cash allowance in defraying a wide variety of miscellaneous expenses normally incurred when employees are transferred. The bill provides that the payments are to be allowed only to the extent deemed necessary and appropriate, as provided in administrative regulations. The payment could not exceed 2 weeks' basic compensation for employees with immediate families and 1 week's basic compensation for employees without immediate families. The bill further provides that the amounts of the payment shall not exceed amounts determined from the maximum rate of grade GS-13 in the General Schedule of the Classification Act of 1949, as amended.

Seventh, the bill would authorize storage of household goods of employees and of new appointees up to 3 years when they are assigned to isolated locations within the contiguous 48 States where no residence quarters are available other than barracks or furnished rooms. The provision would extend to persons stationed within the contiguous 48 States a privilege similar to that already authorized for those assigned to other areas, including foreign countries.

Finally, employees separated from their positions because of reductions in force or transfers of functions and rehired to permanent positions at a different location within 1 year of the date of separation would be entitled to the same allowances as though they had been transferred without a break in service.

Although not in the nature of allowances, the bill contains two additional significant provisions. In order to assure that the Government does not pay the moving expenses of employees who do not intend to remain in Government service after they are moved, the bill provides that employees must agree in writing to remain with the Government for at least 1 year after they move, unless separated for reasons beyond their control. If the agreement is violated, the amounts allowed by the Government as moving expenses must be refunded.

The other provision would permit the Government to exercise judgment in deciding whether an employee's household goods shall be shipped by the Government on Government bills of lading or shall be shipped by the employee under the commuted rates system applicable under the current law to transfers within the contiguous 48 States. Under the commuted rate system the employee selects

the household goods carrier and has his goods moved. He is then reimbursed by the Government under a scale of reimbursement which is based upon commercial tariffs, applicable to the general public and approved by the Interstate Commerce Commission. This method has proven satisfactory generally but in some instances the use of the Government bill of lading method would be less costly to the Government. The bill would permit the Government to use the more economical method, depending upon the circumstances.

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., April 26, 1966.

Hon. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate.

DEAR MR. CHAIRMAN: This is in reply to your request for the views of the Civil Service Commission on H.R. 10607, a bill "To amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States."

The Civil Service Commission, which developed the legislative proposal that was later introduced as H.R. 10607, was gratified by its approval by the House of Representatives. We are pleased that your committee is taking prompt action to consider the bill.

The Commission strongly supports H.R. 10607, and urges early favorable action by the committee. Such action is needed if we are to facilitate administrative action lessening the economic hardships employees must face when forced to move at the convenience of the Government. This is especially true because the program for closing surplus bases of the Department of Defense is continuing.

In addition, for the committee's information, we have enclosed copies of our staff report on "Moving Expenses of Federal Employees." This report was prepared when the Commission developed its first draft of the legislative proposal. It is important to note that about 4 years have gone by since the data in the report were first gathered. Undoubtedly the losses suffered by Federal employees are considerably higher now than they were as noted in the report, because of generally increased costs. Moreover, as the report indicates, the losses which employees listed were restricted to items for which reliable records were likely to be available. Thus the statements of losses are very conservative even for the time the study was made.

The Bureau of the Budget advises that from the standpoint of the administration's program there is no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

JOHN W. MACY, Jr., *Chairman.*

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE,
Washington, D.C., April 25, 1966.

HON. JOHN L. McCLELLAN,
*Chairman, Committee on Government Operations,
U.S. Senate,
Washington, D.C.*

DEAR MR. CHAIRMAN: This refers to your request for the views of the Department of Defense on H.R. 10607, an act to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

The act would apply to a civilian officer or employee who, in the interest of the Government, is transferred to a place other than the one in which he has been living and working. It covers four major types of moving expenses.

First, it would raise the current statutory limit on the weight of household goods shipped, for which reimbursement can be made, from 7,000 pounds to 11,000 pounds. Also employees or new appointees assigned to a permanent duty station at an isolated location in the continental United States (except Alaska) where there are no residence quarters other than barracks or furnished rooms or the like, would be reimbursed for storage of household goods or could have such goods stored in Government-owned facilities.

Second, with respect to travel and subsistence allowances for employees and their families, the act would permit reimbursement for the travel expenses of the immediate family while en route to the new official station (in addition to the cost of their transportation which is already provided), one round-trip travel for the employee and his spouse to seek permanent quarters, and expenses and subsistence while occupying temporary quarters for up to 30 days (or 60 days for certain locations).

Third, the act would permit reimbursement for certain costs of real estate transactions. Expenses the employee is required to pay in selling his home at the old official station (or settling an unexpired lease) and in purchasing a home at the new official station could be reimbursed on an actual expense basis subject to certain limitations.

Fourth, employees would receive a flat allowance to cover miscellaneous expenses of their move not otherwise provided for. Single movers would receive an amount equal to one week's basic compensation and employees with an immediate family would receive the equivalent of two weeks' basic compensation not to exceed payment at the maximum rate of grade GS-13 in the general schedule by the Classification Act of 1949, as amended.

Certain former employees whose moving expenses would have been paid if they could have been kept on the rolls until placed in a reduction in force or a transfer of function, would be able to receive benefits under the bill if they obtained a nontemporary appointment to Federal positions within 6 months of their separation.

To be eligible for the allowances authorized by H.R. 10607, an employee must agree in writing to remain in the Government service for 12 months following his transfer unless separated for reasons

beyond his control and acceptable to the department or agency concerned.

Each year the Department of Defense transfers large numbers of its civilian personnel from one official station to another. Such transfers result primarily from: (1) Periodic moves which are a requirement of certain kinds of occupations and career programs; (2) transfers of functions; and (3) the closing of unnecessary installations. Under current law, the Government pays for some of the basic costs of moving these employees. However, there is ample evidence to indicate that for most employees these payments fall substantially short of covering all the necessary and reasonable expenses related to moving. This is illustrated by a Civil Service Commission study of more than 5,000 employees who moved in fiscal 1962, which shows a net loss of \$558 on the items covered in the survey for the more than 80 percent of the respondents who reported.

The Department of Defense has received numerous reports of significant losses from employees transferred in connection with the current base closure program resulting from the inadequate weight limitation on the shipment of household effects, expenses of dependents during actual travel, and the incidental expenses incurred as a result of the necessity to occupy temporary quarters pending location of permanent quarters. This Department strongly supports the principle that when a Federal agency decides that it is necessary or desirable to transfer an employee to another official station, the agency should pay the expenses of the move. The employees should not have to contribute, sometimes substantially, to cover the cost of a move primarily for the benefit of the Government. Accordingly, the Department of Defense strongly recommends the enactment of H.R. 10607.

COST AND BUDGET DATA

It is estimated that the enactment of H.R. 10607 would result in an annual increase of \$25 million in budgetary requirements of the Department of Defense.

The Bureau of the Budget advises that, from the standpoint of the administration's program, there is no objection to the presentation of this report for the consideration of the committee.

Sincerely,

L. NIEDERLEHNER,
Acting General Counsel.

U.S. ATOMIC ENERGY COMMISSION,
Washington, D.C., April 28, 1966.

HON. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate.

DEAR SENATOR McCLELLAN: We are pleased to submit, in response to your request of April 7, 1966, the comments of the Atomic Energy Commission on H.R. 10607, an act to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

The AEC strongly endorses this act, which would materially alleviate the financial hardships that have occurred when Federal employees have been required to move their residences and their families upon transfer for the convenience of the Government. In so doing, the act will facilitate AEC's movement of its personnel to meet work requirements and to develop executives with wider AEC experience.

We also note with approval that the act would authorize payment of certain expenses of employees who are transferred between Government departments as a consequence of reduction in force or transfer of function, or who are separated for such reasons and reemployed within 1 year by a Federal agency at a different geographical location. These expenses could be paid by the department or agency from which, or to which, these employees are transferred, as may be agreed upon by the heads of the departments or agencies concerned.

H.R. 10607 contains a number of limitations on the payments authorized which would place ceilings on (1) expenses for transportation and per diem to seek permanent residence quarters at a new official duty station; (2) subsistence expenses while occupying temporary quarters at a new official station; (3) reimbursement for brokerage fees and other expenses on the sale of an employee's residence at the old official station; and (4) payment of additional basic compensation to transferred employees.

In addition, H.R. 10607 requires, as a prerequisite to obtaining the benefits of the act, that an officer or employee agree in writing to remain in the Government service for 12 months following his transfer. The AEC believes that the ceilings in H.R. 10607 will reduce the cost of this legislation, and that the 12-month agreement will serve to prevent abuses in the reimbursement of employees' moving expenses.

The Commission wishes to call your attention to one technicality in the act which should be corrected. The parenthesis which begins on page 3, line 25, has not been closed. We suggest that a closing parenthesis be inserted following the word "Columbia" on page 4, line 1.

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

JOHN V. VINCIGUERRA
(For General Manager).

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION,
Washington, D.C., April 28, 1966.

HON. JOHN L. MCCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate.

DEAR MR. CHAIRMAN: This is in further reply to your letter of April 7, 1966, requesting the comments of the National Aeronautics and Space Administration on the bill (H.R. 10607) to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

The act of August 2, 1946, as amended, 60 Stat. 806, permits the reimbursement of Federal employees who are transferred from one location to another for the cost of (1) transporting up to 7,000 pounds of household goods; (2) temporarily storing such goods, when that is necessary; (3) transporting the employee and his immediate family to the new duty station; and (4) subsistence for the employee while en route.

H.R. 10607 would (1) increase the weight allowance to 11,000 pounds; (2) underwrite nontemporary storage costs where employees are sent to isolated stations where residence quarters are not available; (3) permit reimbursement of the employee for travel expenses for one round trip of the employee and his spouse to locate quarters, and for subsistence expenses of the employee and his immediate family while occupying temporary quarters for limited periods and in limited amounts determined under a sliding scale; (4) permit the employee to recover certain losses incurred by him in the forced sale of a residence or cancellation of a lease incident to the transfer; (5) provide the employee with 1 or 2 weeks of extra compensation, depending on whether he is single or married, at not to exceed the maximum rate of GS-13 to cover miscellaneous expenses; and (6) condition the receipt of benefits under the act upon a written agreement of the employee to remain in the Government service for 12 months unless separated for reasons beyond his control.

The National Aeronautics and Space Administration recommends the enactment of H.R. 10607. The legislation is consistent with recent recommendations of the Civil Service Commission designed to lighten the financial burden that falls on employees of the Government who are transferred from one permanent duty station to another. Most employee transfers occur at the request of the Government, and are designed to improve the efficiency of the Federal service. Such transfers are usually made for the convenience of the Government with respect to time, location, and frequency. In such situations, the financial losses incurred by the employee should be assumed by the Government. The relief provided by H.R. 10607 would increase the acceptability to employees of transfers made necessary by the interest of the Government. It would bring the Government's practices more in line with policies followed by private businesses.

The Bureau of the Budget has advised that there is no objection to the submission of this report from the standpoint of the administration's program.

Sincerely yours,

RICHARD L. CALLAGHAN,
Assistant Administrator for Legislative Affairs.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., April 28, 1966.

HON. JOHN L. MCCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate.

DEAR MR. CHAIRMAN: We refer to your letter of April 7, 1966, requesting our report upon H.R. 10607, 89th Congress, which would amend the Administrative Expenses Act of 1946, as amended, to

provide additional benefits incident to official changes of stations of employees subject to that act.

We have made no specific study of the costs incurred by Government employees incident to changes in official stations, but we agree with the principle that employees should be adequately reimbursed for the expenses incurred incident to transfers of official stations for the convenience of the Government.

We believe enactment of the bill will result in greater willingness of employees of our Office to accept transfers to and from field stations and will, therefore, contribute toward more effective administration of our functions.

When H.R. 10607 was under consideration by the House Committee on Government Operations we submitted several recommendations to that committee which were designed to serve as safeguards against unreasonable payments which could have been made under the bill as originally proposed. The bill was amended in various respects prior to passage by the House and the dangers we sought to guard against have, in general, either been eliminated or substantially lessened by the revisions made in the House.

There is one aspect concerning reimbursement of expenses incurred incident to the sale of a residence, as authorized under the new section 23(4)—page 4 of the bill—that we consider appropriate to invite to the attention of your committee. Recently we completed an examination of personnel-relocation costs charged by an individual contractor under contracts with the Department of Defense and the National Aeronautics and Space Administration. These contracts contemplated reimbursement of expenses incurred in the sale of a residence by contractor employees who were required to move in connection with their employment on Government contract work. Our review showed that the contractor charged the Government with about \$94,700 in 1963 and \$99,500 in 1964 for homeownership and maintenance expenses incurred by its employees on their vacated unsold homes. Included among the expenses charged to the Government were such items as mortgage interest, insurance, property taxes, utilities, ground care services, and maintenance for various periods of time following the transfer of the employees. The various periods averaging about 7 months. In one case we noted an employee's vacated home remained unsold for 23 months and the contractor charged the Government with about \$4,600 for home maintenance and other ownership expenses incurred during such 23-month period.

At the time we originally reported upon H.R. 10607 to the House committee we did not interpret the term "expenses of the sale of the residence" as covering payment of items such as taxes, mortgage interest, insurance, etc. Our view has not changed in that regard. However, we find no specific reference in the legislative history to date which clearly reflects the congressional intent. We feel that if an employee knows that the Government will pay such items as his mortgage interest, taxes, and insurance costs on a home which he vacates incident to a transfer of station he will be inclined either to seek a greater price for his home than he otherwise would have asked, thus making the home more difficult to sell or will be less inclined to make a real and substantial effort to sell his home. In any event, we suggest that either the language of the bill or your committee report clearly set forth the intention of the Congress as to whether these categories of expenses—taxes, interest on mortgage, insurance, care

and maintenance, etc.—would be reimbursable as being incident to the sale of a residence.

It is noted that there is no limitation upon the amount of per diem or period for which per diem could be paid under paragraph 2 of the new section 23 (p. 3 of the bill). We assume, however, that it is contemplated that the regulations to be promulgated under the authority of the bill will provide for appropriate limitations in this area.

Similarly, we assume that payments of the flat allowance authorized under the new section 24 (p. 5 of the bill) will be appropriately limited by the statutory regulations under the legislation or agency regulations so that no more will be paid than justified by the circumstances. In such connection we note that a flat allowance of \$632 for a married employee and \$316 for a single employee could be paid under the language of the section (sec. 24). Since specific provision otherwise is made in the bill for the major items of expense not already authorized under existing law, it is not evident to us what miscellaneous expense items are contemplated which normally could approach the maximum figure allowable.

In such connection we note that in the report dated March 1963 of a survey conducted by the Civil Service Commission pertaining to moving expenses of Federal employees, it was pointed out that claimed losses for miscellaneous expense items (cost of life insurance, unexpired leases, connecting appliances, theft or damage, etc.) average about \$100 per transfer.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

ADMINISTRATIVE EXPENSES ACT OF 1946

AN ACT To authorize certain administrative expenses in the Government service, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) under such regulations as the President may prescribe, any civilian officer or employee of the Government who, in the interest of the Government, is transferred from one official station to another, including transfer from one department to another, for permanent duty, shall, except as otherwise provided herein, when authorized or approved by such subordinate official or officials of the department concerned as the head thereof may designate for the purpose, be allowed and paid from Government funds the expenses of travel of himself and the expenses of transportation of his immediate family (or a commutation thereof in accordance with [the Act of February 14, 1931] section 4 of the Travel Expense Act of

1949 (63 Stat. 166, as amended; 5 U.S.C. 837)) and the expenses of transportation, packing, crating, temporary storage, drayage, and unpacking of his household goods and personal effects (not to exceed [seven] *eleven* thousand pounds net weight): *Provided*, That advances of funds may be made to the officer or employee in accordance with said regulations under the same safeguards as are required under [the Subsistence Expense Act of 1926 (5 U.S.C. 828)] *section 5 of the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 838)*: *Provided further*, That the allowances herein authorized shall not be applicable to officers and employees transferred in accordance with the provisions of the Foreign Service Act of 1946: *Provided further*, That no part of such expenses (including those of officers and employees of the Foreign Service, Department of State) shall be allowed or paid from Government funds where the transfer is made primarily for the convenience or benefit of the officer or employee or at his request: *Provided further*, That in case of transfer from one department to another such expenses shall be payable from the funds of the department to which the officer or employee is transferred: *And provided further*, That expenses of travel and transportation in connection with the transfer of officers and employees to posts of duty outside the continental limits of the United States and return therefrom shall be allowed to the same extent and subject to the same limitations prescribed for new appointees under section 7 of this Act.

(b) In lieu of the payment of actual expenses of transportation, packing, crating, temporary storage, drayage, and unpacking of household goods and personal effects, in the case of such transfers between points in continental United States, reimbursement shall be made to the officer or employee on a commuted basis (not to exceed the amount which would be allowable for the authorized weight allowance) at such rates per one hundred pounds as may be fixed by zones in regulations prescribed by the President, *except that payment of actual expenses may be made whenever, under regulations prescribed by the President, the head of the agency determines that such method of payment is more economical to the Government*. Under such regulations as the President may prescribe, any civilian officer or employee who transports a house trailer or mobile dwelling within the continental United States, within Alaska, or between the continental United States and Alaska, for use as a residence and who would otherwise be entitled to transportation of household goods and personal effects under subsection (a) shall be entitled to a reasonable allowance, not to exceed 20 cents per mile, in lieu of the transportation to which he would otherwise be entitled under subsection (a) of this section, to a reasonable allowance, not to exceed 20 cents per mile for transportation of the house trailer or mobile dwelling if such trailer or dwelling is transported by such officer or employee, or, if such trailer or dwelling is not so transported by such officer or employee, to commercial transportation of the house trailer or mobile dwelling, at Government expense, or reimbursement to such officer or employee therefor, including the payment of necessary tolls, charges, and permit fees, except that no payment under this sentence shall exceed the maximum payment to which such officer or employee would otherwise be entitled under this section for transportation and temporary storage of his household goods and personal effects in connection with this transfer.

(c) Funds available for travel expenses of civilian officers and employees shall also be available for the expenses of the transportation of

their immediate families, and funds available for the transportation of things shall also be available for the transportation of household goods and effects, as authorized by this Act.

(d) When civilian officers and employees of the United States are on duty at places designated by the heads of their respective departments or agencies as within zones from which their immediate families should be evacuated for military or other reasons which create imminent danger to life or property, or adverse living conditions seriously affecting the health, safety, or accommodations of said families, or upon transfer or assignment to duty of such civilian officers and employees to places where their immediate families are not, for the aforesaid reasons, permitted to accompany them, their immediate families and household goods may be transported at Government expense under such regulations as the heads of their respective departments and agencies may prescribe, to such location as may be designated by the civilian officer or employee concerned or by the immediate families of such officers and employees when circumstances prevent the officers and employees from designating such locations or when it is administratively impracticable to determine the intent of the officers or employees in this respect: *Provided*, That if such location designated by either the officers or employees or their immediate families is within an area to which such movement is prohibited for the aforesaid reasons, an alternate location may be designated by either the officers or employees concerned or their immediate families: *And provided further*, That such immediate families and household goods may later be transported at Government expense from the designated location or alternate location authorized in this subsection to a duty station to which the officers or employees concerned are assigned, and to which the above restrictions do not apply.

(e) Whenever any civilian officer or employee (including any new appointee in accordance with section 7 of this Act) is assigned to a permanent duty station outside the continental United States to which he cannot take or at which he is unable to use his household goods, and personal effects or whenever the head of the department concerned authorizes storage of any such property in the public interest or for reasons of economy, storage expenses (including related transportation and other expenses) may be allowed such officer or employee in accordance with regulations prescribed by the President; but in no instance shall the weight of the property stored under this subsection, together with the weight of property transported under subsection (a), exceed the maximum weight limitation provided by subsection (a).

(f) Under such regulations as the President may prescribe, the privately owned motor vehicle of any employee (including any new appointee, in accordance with section 7 of this Act) assigned to a post of duty outside the continental United States on other than temporary duty orders may be transported to, from, and between the continental United States and such post of duty, or between posts of duty outside the continental United States, whenever it is determined by the head of the department concerned to be in the interest of the Government for such employee to have the use of a motor vehicle at his post of duty. Not more than one motor vehicle of any employee may be transported under authority of this subsection during any four-year period, except that, as a replacement for such motor vehicle, one additional motor vehicle of any employee may be so transported during such period upon approval, in advance, by the head of the department concerned

and upon a determination, in advance, by such department head that such replacement is necessary for reasons beyond the control of the employee and is in the interest of the Government. After the expiration of a period of four years following the date of transportation under authority of this subsection of a privately owned motor vehicle of any employee who has remained in continuous service outside the continental United States during such period, the transportation of a replacement for such motor vehicle for such employee may be authorized, in accordance with this subsection, by the head of the department concerned. The head of each department may, in accordance with this subsection, authorize the transportation of privately owned motor vehicles of employees of such department, assigned to duty outside the continental United States, by commercial means if available at reasonable rates and under reasonable conditions or by Government means on a space-available basis. This subsection shall not apply to the Foreign Service of the United States under the Department of State and to the Central Intelligence Agency but shall not affect the authority contained in section 913 of the Foreign Service Act of 1946 (60 Stat. 1027; 22 U.S.C. 1138) or paragraph (4) of section 4 of the Central Intelligence Agency Act of 1949 (63 Stat. 210, 72 Stat. 337; 50 U.S.C. 403e(a)(4)). For the purposes of this subsection and subsection (e), Alaska shall be considered to be outside the continental limits of the United States.

SEC. 2. * * *.

(Executed and obsolete.)

SEC. 3. * * *.

(Repealed and obsolete.)

SEC. 4. * * *.

(Executed.)

SEC. 5. Persons in the Government service employed intermittently as consultants or experts and receiving compensation on a per diem when actually employed basis may be allowed travel expenses while away from their homes or regular places of business, including per diem in lieu of subsistence while at place of such employment, in accordance with the Standardized Government Travel Regulations, Subsistence Expense Act of 1926, as amended (5 U.S.C. 821-833), and the Act of February 14, 1931, as amended by this Act, and persons serving without compensation or at \$1 per annum may be allowed, while away from their homes or regular places of business, transportation in accordance with said regulations and said Act of February 14, 1931, as so amended, and not to exceed \$16 per diem within the limits of the continental United States and beyond such limits, not to exceed the rates of per diem established pursuant to section 3 of the Travel Expense Act of 1949, as amended (5 U.S.C. 836) in lieu of subsistence en route and at place of such service or employment unless a higher rate is specifically provided in an appropriation or other Act: *Provided*, That where due to the unusual circumstances of a travel assignment the maximum per diem allowance would be much less than the amount required to meet the actual and necessary expenses of the trip, the heads of departments and establishments may, in accordance with regulations promulgated by the Director, Bureau of the Budget, pursuant to section 7 of the Travel Expense Act of 1949, as amended (5 U.S.C. 840), prescribe conditions under which reimbursement for such expenses may be authorized on an actual expense basis not to exceed a maximum amount to be specified in the travel authorization,

but in any event not to exceed, for each day in travel status, (1) the amount of \$30, within the limits of the continental United States or (2) the sum of the maximum per diem allowance plus \$10, for travel outside such limits.

SEC. 6. Section 10 of the Act of March 3, 1933 (5 U.S.C. 73b), is hereby amended to read as follows:

"SEC. 10. Whenever by or under authority of law actual expenses for transportation may be allowed, such allowances shall not exceed the lowest first-class rate by the transportation facility used in such transportation unless it is certified, in accordance with regulations prescribed by the President, that lowest first-class accommodations are not available or that use of a compartment or such other accommodations as may be authorized or approved by the head of the agency concerned or such subordinates as he may designate, is required for purposes of security."

SEC. 7. (a) Appropriations for the departments shall be available, in accordance with regulations prescribed by the President, for expenses of travel of new appointees, expenses of transportation of their immediate families and expenses of transportation of their household goods and personal effects from places of actual residence at time of appointment to places of employment outside continental United States, and for such expenses on return to employees from their posts of duty outside continental United States to the places of their actual residence at time of assignment to duty outside the United States: *Provided*, That such expenses of travel and transportation to posts of duty outside the continental United States shall not be allowed unless and until the person selected for appointment shall agree in writing to remain in the Government service for twelve months following his appointment, or, in the case of a person employed in a teaching position (other than as a substitute) in the Department of Defense under the Defense Department Overseas Teachers Pay and Personnel Practices Act (5 U.S.C. 2351, and the following), for a minimum period of one school year as determined under such Act, unless separated for reasons beyond his control and acceptable to the department or agency concerned and in case of violation of such agreement any moneys expended by the United States on account of such travel and transportation shall be recoverable from the individual concerned as a debt due the United States: *And provided further*, That expenses of return travel and transportation upon separation from the service shall be allowed whether such separation is for the purposes of the Government or for personal convenience, but shall not be allowed unless such persons selected for appointment outside the continental United States shall have served for a minimum period of not less than one nor more than three years prescribed in advance by the head of the department or agency concerned or, in the case of a person employed in a teaching position (other than as a substitute) in the Department of Defense under the Defense Department Overseas Teachers Pay and Personnel Practices Act (5 U.S.C. 2351, and the following), for a minimum period of one school year as determined under such Act, or unless separation is for reasons beyond the control of the individual and acceptable to the department or agency concerned: *Provided further*, That expenses of round trip travel of employee and transportation of immediate family but excluding household effects, from their posts of duty outside the continental United States to the places of actual residence at time of appointment or transfer to such

overseas posts of duty, shall be allowed in the case of persons who have satisfactorily completed an agreed period of service overseas and are returning to their actual place of residence for the purpose of taking leave prior to serving another tour of duty at the same or some other overseas post, under a new written agreement entered into before departing from the overseas post: *Provided further*, Any officer or employee of the United States appointed by the President, by and with the advice and consent of the Senate, to serve for a term fixed by law, whose post of duty is outside the continental United States, shall be allowed expenses of round trip travel for himself and transportation of his immediate family, but excluding household effects, from his post of duty outside the continental United States to the place of his actual residence at the time of his appointment to such overseas post of duty, at the end of each two years of satisfactory service completed overseas, if he is returning to his actual place of residence for the purpose of taking leave prior to serving at least two more years of overseas duty: *Provided further*, That expenses of transportation of the immediate family and shipment of household effects of any employee from the post of duty of such employee outside continental United States to place of actual residence shall be allowed, not in excess of one time, prior to the return of such employee to the United States, including its Territories and possessions, when the employee has acquired eligibility for such transportation or when the public interest requires the return of the immediate family for compelling personal reasons of a humanitarian or compassionate nature, such as may involve physical or mental health, death of any member of the immediate family, or obligation imposed by authority or circumstances over which the individual has no control: *And provided further*, That when an employee returns his immediate family and household goods to the United States, including its Territories and possessions, at his own expense prior to his return and for other than reasons of public interest, the Government shall reimburse him for proper transportation expenses at such time as he acquires eligibility therefor.

(b) Appropriations for the departments shall be available in accordance with regulations prescribed by the President, for expenses of travel of persons appointed, and of student trainees when assigned upon completion of college work, to positions in the United States for which there is determined by the Civil Service Commission to be a manpower shortage, and for expenses of transportation of their immediate families and their household goods and personal effects and for advances of funds to the extent authorized by section 1 (a) and (b) of this Act, from their places of actual residence at time of selection or assignment to their duty station. Travel and transportation expenses shall not be paid upon assignment of a student trainee after completion of college work if such expenses were paid upon his appointment as a student trainee. Such travel expenses may include per diem and mileage allowance as provided for civilian officers and employees by the Travel Expense Act of 1949, as amended. Travel and transportation expenses may be allowed whether the person selected has been appointed or not at the time of such travel. However, the travel and transportation expenses authorized by this subsection shall not be allowed unless the person selected or assigned shall agree in writing to remain in the Government service for twelve months following his appointment or assignment unless separated for reasons beyond his control and acceptable to the department or agency concerned. In

case of violation of such agreement, any moneys expended by the United States on account of such travel and transportation shall be recoverable from the individual concerned as a debt due the United States.

(c) The authority of the Civil Service Commission to determine for purposes of this Act positions for which there is a manpower shortage shall not be delegated.

(d) Nothing contained in this section shall impair or otherwise affect the authority of any department under existing law to pay travel and transportation expenses of persons designated in subsection (b) hereof.

SEC. 8. * * *

(Obsolete.)

SEC. 9. (a) Section 3709 of the Revised Statutes of the United States is hereby amended to read as follows:

"Unless otherwise provided in the appropriation concerned or other law, purchases and contracts for supplies or services for the Government may be made or entered into only after advertising a sufficient time previously for proposals, except (1) when the amount involved in any one case does not exceed \$2,500, (2) when the public exigencies require the immediate delivery of the articles or performance of the service, (3) when only one source of supply is available and the Government purchasing or contracting officer shall so certify, or (4) when the services are required to be performed by the contractor in person and are (A) of a technical and professional nature or (B) under Government supervision and paid for on a time basis. Except (1) as authorized by section 29 of the Surplus Property Act of 1944 (50 U.S.C. App. 1638), (2) when otherwise authorized by law, or (3) when the reasonable value involved in any one case does not exceed \$500, sales and contracts of sale by the Government shall be governed by the requirements of this section for advertising."

(b) Exemptions from section 3709, Revised Statutes, in other law in amounts of \$100 or less are hereby repealed.

(c) In the case of wholly owned Government corporations, this section shall apply to their administrative transactions only.

SEC. 10. Whenever a department is authorized by law to hold hearings and to subpoena witnesses for appearance at said hearings, witnesses summoned to and attending such hearings shall be entitled to the same fees and mileage, or expenses in the case of Government officers and employees, as provided by law for witnesses attending in the United States courts.

SEC. 11. The first sentence of section 3648 of the Revised Statutes (31 U.S.C. 529) is hereby amended to read as follows:

"No advance of public money shall be made in any case unless authorized by the appropriation concerned or other law."

SEC. 12. The head of any department may delegate to subordinate officials (1) the power vested in him by law to take final action on matters pertaining to the employment, direction, and general administration of personnel under his department; (2) the authority vested in him by section 3683 of the Revised Statutes (31 U.S.C. 675) to direct the purchase of articles from contingent funds; and (3) the authority vested in him by section 3828, Revised Statutes (44 U.S.C. 324), to authorize the publication of advertisements, notices or proposals.

SEC. 13. Appropriations available for the procurement of supplies and material or equipment shall be available for the purchase and maintenance of special clothing and equipment for the protection of personnel in the performance of their assigned tasks.

SEC. 14. * * *

(Repealed.)

SEC. 15. The head of any department, when authorized in an appropriation or other Act, may procure the temporary (not in excess of one year) or intermittent services of experts or consultants or organizations thereof, including stenographic reporting services, by contract, and in such cases such service shall be without regard to the civil-service and classification laws (but as to agencies subject to the Classification Act of 1949 at rates not in excess of the per diem equivalent of the highest rate payable under such Act, unless other rates are specifically provided in the appropriation or other law) and, except in the case of stenographic reporting services by organizations, without regard to section 3709, Revised Statutes, as amended by this Act.

SEC. 16. (a) Section 5 of the Act of July 16, 1914 (5 U.S.C. 78), is amended to read as follows:

"SEC. 5. (a) Unless specifically authorized by the appropriation concerned or other law, no appropriation shall be expended to purchase or hire passenger motor vehicles for any branch of the Government other than those for the use of the President of the United States, the secretaries to the President, or the heads of the executive departments enumerated in 5 U.S.C. 1.

"(b) Excepting appropriations for the Military and Naval Establishments, no appropriation shall be available for the purchase, maintenance, or operation of any aircraft unless specific authority for the purchase, maintenance, or operation thereof has been or is provided in such appropriation.

"(c) Unless otherwise specifically provided, no appropriation available for any department shall be expended—

"(1) to purchase any passenger motor vehicle (exclusive of buses, ambulances, and station wagons), at a cost, completely equipped for operation, and including the value of any vehicle exchanged, in excess of the maximum price therefor, if any, established pursuant to law by a Government agency and in no event more than such amount as may be specified in an appropriation or other Act, which shall be in addition to the amount required for transportation;

"(2) for the maintenance, operation, and repair of any Government-owned passenger motor vehicle or aircraft not used exclusively for official purposes; and 'official purposes' shall not include the transportation of officers and employees between their domiciles and places of employment, except in cases of medical officers on out-patient medical service and except in cases of officers and employees engaged in field work the character of whose duties makes such transportation necessary and then only as to such latter cases when the same is approved by the head of the department concerned. Any officer or employee of the Government who willfully uses or authorizes the use of any Government-owned passenger motor vehicle or aircraft, or of any passenger motor vehicle or aircraft leased by the Government, for other than official purposes or otherwise violates the provisions of this paragraph shall be suspended from duty by

the head of the department concerned, without compensation, for not less than one month, and shall be suspended for a longer period or summarily removed from office if circumstances warrant. The limitations of this paragraph shall not apply to any motor vehicles or aircraft for official use of the President, the heads of the executive departments enumerated in 5 U.S.C. 1, ambassadors, ministers, *chargés d'affaires*, and other principal diplomatic and consular officials.

“(d) (Repealed.)

“(e) The acquisition of aircraft or passenger motor vehicles by any agency by transfer from another department of the Government shall be considered as a purchase within the meaning hereof.”

(b) * * *

(Executed.)

SEC. 17. (a) * * *

(Executed.)

(b) That portion of the Act of July 31, 1876 (44 U.S.C. 321; 19 Stat. 105), reading as follows: “and in no case of advertisement for contracts for the public service shall the same be published in any newspaper published and printed in the District of Columbia unless the supplies or labor covered by such advertisement are to be furnished or performed in said District of Columbia” is hereby amended by adding at the end thereof “or in the adjoining counties of Maryland of Virginia”.

(c) That portion of the Act of June 23, 1906 (3 U.S.C. 43), reading, as follows: “not exceeding \$25,000 per annum” is hereby amended to read “not exceeding \$40,000 per annum”.

SEC. 18. The word “department” as used in this Act shall be construed to include independent establishments, other agencies, wholly owned Government corporations (the transactions of which corporations shall be subject to the authorizations and limitations of this Act, except that section 9 shall apply to their administrative transactions only), and the government of the District of Columbia, but shall not include the Senate, House of Representatives, or office of the Architect of the Capitol, or the officers or employees thereof. The words “continental United States” as used herein shall be construed to mean the forty-eight States and the District of Columbia. The word “Government” shall be construed to include the government of the District of Columbia. The word “appropriation” shall be construed as including funds made available by legislation under section 104 of the Government Corporation Control Act, approved December 6, 1945.

SEC. 19. Sections 1, 3, 4, 5, 7, 14, and 15 of this Act shall not apply to persons whose pay and allowances are established by the Pay Readjustment Act of 1942.

SEC. 20. Sections 1 and 2 of this Act shall become effective on the first day of the third calendar month following the enactment hereof.

SEC. 21. This Act may be cited as the “Administrative Expenses Act of 1946”.

SEC. 22. Under such regulations as the President may prescribe funds available to the departments for administrative expenses may be allotted to posts in foreign countries for the purpose of defraying the unusual expenses incident to the operation and maintenance of official residences suitable for the chief representatives of the United

States at such posts and such other senior officials of this Government in foreign countries as the President may designate.

SEC. 23. Under such regulations as the President may prescribe and to the extent deemed necessary and appropriate, as provided therein, appropriations or other funds available to the departments for administrative expenses shall be available for the reimbursement of all or part of the following expenses of officers or employees for whom the Government pays expenses of travel and transportation under subsection (a) of section 1 of this Act:

(1) *The expenses of per diem allowance in lieu of the subsistence expenses of the immediate family of the officer or employee while en route between his old and new official stations, not in excess of the maximum per diem rates prescribed in or pursuant to section 3 of the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 836).*

(2) *The expenses of per diem allowance in lieu of subsistence of the officer or employee and his spouse, not in excess of the maximum per diem rates prescribed in the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 836), and the expenses of transportation to seek permanent residence quarters at a new official station when both the old and new stations are located within the continental United States, excluding Alaska, provided that such expenses may be allowed only for one round trip in connection with each change of station of the officer or employee.*

(3) *The subsistence expenses of the officer or employee and his immediate family for a period of thirty days while occupying temporary quarters when the new official station is located within the United States (including the District of Columbia, its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone: Provided, That the period of residence in temporary quarters may be extended for an additional thirty days when the officer or employee moves to or from Hawaii, Alaska, the territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone: Provided further, That reimbursement for subsistence expenses actually incurred may not exceed an amount determined from such average daily rates per person as may be prescribed in such regulations, but not in excess of the maximum per diem rates prescribed in or pursuant to section 3 of the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 836), for the localities in which the temporary quarters are located, for the first ten days of such period, two-thirds of such rates for the second ten days, and one-half for the balance of such period, including the additional thirty days.*

(4) *The expenses of the sale of the residence (or the settlement of an unexpired lease) of the officer or employee at the old official station and purchase of a home at the new official station required to be paid by him when the old and new official stations are located within the United States (including the District of Columbia), its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone, but reimbursement for brokerage fees on the sale of the residence and other expenses under this subsection shall not exceed those customarily charged in the locality where the residence is located and no reimbursement shall be made for losses on the sale of the residence. This provision applies regardless of whether the title to the residence or the unexpired lease is in the name of the officer or employee alone, in the joint names of the officer or employee and a member of his immediate family, or in the name of a member of his immediate family alone.*

SEC. 24. Under such regulations as the President may prescribe and to the extent deemed necessary and appropriate, as provided therein, and notwithstanding other reimbursement authorized under this Act, an officer or employee who is reimbursed under section 1(a) or section 23 of this Act shall, if he has an immediate family, receive an amount not to exceed two weeks' basic compensation, or, if he does not have an immediate family, an amount not to exceed one week's basic compensation: Provided, That such amounts shall not exceed amounts determined from the maximum rate of grade GS-13 in the General Schedule of the Classification Act of 1949, as amended.

SEC. 25. Under such regulations as the President may prescribe—

(a) Whenever any civilian officer or employee (including any new appointee in accordance with section 7(b) of this Act, as amended) is assigned to a permanent duty station at an isolated location in the continental United States, excluding Alaska, to which he cannot take or at which he is unable to use his household goods and personal effects because of the absence of residence quarters at such location, nontemporary storage expenses or storage at Government expense in Government-owned facilities (including related transportation and other expenses), whichever is more economical, may be allowed such officer or employee under regulations issued by the head of the Executive Department or agency concerned. In no instance shall the weight of the property stored under this subsection, together with the weight transported under section 1 or section 7(b) of this Act, exceed the total maximum weight the officer or employee would be entitled to have moved, and the period of nontemporary storage shall not exceed three years.

(b) This section does not authorize reimbursement to officers and employees traveling under orders issued more than sixty days prior to the effective date of this section.

SEC. 26. Under such regulations as the President may prescribe and notwithstanding the provisions of the fourth proviso of section 1(a) of this Act, in transfers between departments for reasons of reduction in force or transfer of function, expenses authorized under section 1, subsections (a) and (b) and subsections (e) and (f) other than expenses authorized in connection with transfers to foreign countries, and under sections 23 and 24 of this Act may be paid in whole or in part by the department from which the officer or employee is transferred or by the department to which he is transferred, as may be agreed upon by the heads of the departments concerned.

SEC. 27. Under such regulations as the President may prescribe, a former officer or employee separated by reason of reduction in force or transfer of function who is reemployed within one year of the date of such separation by a nontemporary appointment at a different geographical location from that where such separation occurred may be allowed and paid the expenses authorized by section 1 of this Act, and may receive the benefits authorized by sections 23 and 24 of this Act, in the same manner as though he had been transferred to the location of reemployment from the location where separated in the interest of the Government without a break in service.

SEC. 28. Notwithstanding the provisions of subsections (a) and (b) of section 1, and of sections 23, 24, 25, and 27 of this Act, the travel and transportation expenses, including storage of household goods and personal effects, and other relocation allowances shall not be allowed thereunder when a civilian officer or employee is transferred within the con-

tinental United States, excluding Alaska, unless and until such officer or employee shall agree in writing to remain in the Government service for twelve months following his transfer, unless separated for reasons beyond his control and acceptable to the department or agency concerned. In case of violation of such agreement, any moneys expended by the United States under said sections of this Act on account of such officer or employee shall be recoverable from him as a debt due the United States.



Calendar No. 1322

89TH CONGRESS
2D SESSION

H. R. 10607

[Report No. 1357]

IN THE SENATE OF THE UNITED STATES

MARCH 25, 1966

Read twice and referred to the Committee on Government Operations

JUNE 30, 1966

Reported by Mr. McCLELLAN, without amendment

AN ACT

To amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

That (a) subsection (a) of section 1 of the Administrative Expenses Act of 1946 (60 Stat. 806, as amended; 5 U.S.C. 73b-1 (a)), is amended by—

(1) striking the words “the Act of February 14, 1931” appearing in the first parentheses contained there-

1 in, and inserting in lieu thereof "section 4 of the Travel
2 Expense Act of 1949 (63 Stat. 166, as amended; 5
3 U.S.C. 837)";

4 (2) striking the word "seven" appearing in the
5 second parentheses contained therein, and inserting in
6 lieu thereof the word "eleven";

7 (3) striking out the first proviso contained there-
8 in the words "the Subsistence Expense Act of 1926 (5
9 U.S.C. 828)" and inserting in lieu thereof the words
10 "section 5 of the Travel Expense Act of 1949 (63
11 Stat. 166, as amended; 5 U.S.C. 838)".

12 (b) Subsection (b) of section 1 of the Administrative
13 Expenses Act of 1946 (60 Stat. 807, as amended; 5 U.S.C.
14 73b-1 (b)), is amended by adding the following words
15 immediately before the period at the end of the first sentence
16 in the subsection " , except that payment of actual expenses
17 may be made whenever, under regulations prescribed by
18 the President, the head of the agency determines that such
19 method of payment is more economical to the Government."

20 SEC. 2. The Administrative Expenses Act of 1946 (60
21 Stat. 806), as amended, is further amended by adding the
22 following new sections:

23 "SEC. 23. Under such regulations as the President may
24 prescribe and to the extent deemed necessary and appro-
25 priate, as provided therein, appropriations or other funds

1 available to the departments for administrative expenses
2 shall be available for the reimbursement of all or part of the
3 following expenses of officers or employees for whom the
4 Government pays expenses of travel and transportation under
5 subsection (a) of section 1 of this Act:

6 “(1) The expenses of per diem allowance in lieu of the
7 subsistence expenses of the immediate family of the officer
8 or employee while en route between his old and new official
9 stations, not in excess of the maximum per diem rates pre-
10 scribed in or pursuant to section 3 of the Travel Expense
11 Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 836).

12 “(2) The expenses of per diem allowance in lieu of sub-
13 sistence of the officer or employee and his spouse, not in
14 excess of the maximum per diem rates prescribed in the
15 Travel Expense Act of 1949 (63 Stat. 166, as amended;
16 5 U.S.C. 836), and the expenses of transportation to seek
17 permanent residence quarters at a new official station when
18 both the old and new stations are located within the conti-
19 nental United States, excluding Alaska, provided that such
20 expenses may be allowed only for one round trip in connec-
21 tion with each change of station of the officer or employee.

22 “(3) The subsistence expenses of the officer or em-
23 ployee and his immediate family for a period of thirty days
24 while occupying temporary quarters when the new official
25 station is located within the United States (including the

1 District of Columbia, its territories and possessions, the
2 Commonwealth of Puerto Rico, and the Canal Zone: *Pro-*
3 *vided*, That the period of residence in temporary quarters
4 may be extended for an additional thirty days when the
5 officer or employee moves to or from Hawaii, Alaska, the
6 territories and possessions, the Commonwealth of Puerto
7 Rico, and the Canal Zone: *Provided further*, That reimburse-
8 ment for subsistence expenses actually incurred may not
9 exceed an amount determined from such average daily rates
10 per person as may be prescribed in such regulations, but not
11 in excess of the maximum per diem rates prescribed in or
12 pursuant to section 3 of the Travel Expense Act of 1949
13 (63 Stat. 166, as amended; 5 U.S.C. 836), for the localities
14 in which the temporary quarters are located, for the first
15 ten days of such period, two-thirds of such rates for the
16 second ten days, and one-half for the balance of such period,
17 including the additional thirty days.

18 “(4) The expenses of the sale of the residence (or the
19 settlement of an unexpired lease) of the officer or employee
20 at the old official station and purchase of a home at the new
21 official station required to be paid by him when the old and
22 new official stations are located within the United States
23 (including the District of Columbia), its territories and pos-
24 sessions, the Commonwealth of Puerto Rico, and the Canal
25 Zone, but reimbursement for brokerage fees on the sale of the

1 residence and other expenses under this subsection shall not
2 exceed those customarily charged in the locality where the
3 residence is located and no reimbursement shall be made for
4 losses on the sale of the residence. This provision applies re-
5 gardless of whether the title to the residence or the unexpired
6 lease is in the name of the officer or employee alone, in the
7 joint names of the officer or employee and a member of his im-
8 mediate family, or in the name of a member of his immediate
9 family alone.

10 “SEC. 24. Under such regulations as the President may
11 prescribe and to the extent deemed necessary and appropriate,
12 as provided therein, and notwithstanding other reimbursement
13 authorized under this Act, an officer or employee who is re-
14 imbursed under section 1 (a) or section 23 of this Act shall,
15 if he has an immediate family, receive an amount not
16 to exceed two weeks’ basic compensation, or, if he does not have
17 an immediate family, an amount not to exceed one week’s basic
18 compensation: *Provided*, That such amounts shall not exceed
19 amounts determined from the maximum rate of grade GS-13
20 in the General Schedule of the Classification Act of 1949, as
21 amended.

22 “SEC. 25. Under such regulations as the President may
23 prescribe—

24 “(a) Whenever any civilian officer or employee (in-

cluding any new appointee in accordance with section 7 (b) of this Act, as amended) is assigned to a permanent duty station at an isolated location in the continental United States, excluding Alaska, to which he cannot take or at which he is unable to use his household goods and personal effects because of the absence of residence quarters at such location, nontemporary storage expenses or storage at Government expense in Government-owned facilities (including related transportation and other expenses), whichever is more economical, may be allowed such officer or employee under regulations issued by the head of the Executive Department or agency concerned. In no instance shall the weight of the property stored under this subsection, together with the weight transported under section 1 or section 7 (b) of this Act, exceed the total maximum weight the officer or employee would be entitled to have moved, and the period of nontemporary storage shall not exceed three years.

“(b) This section does not authorize reimbursement to officers and employees traveling under orders issued more than sixty days prior to the effective date of this section.

“SEC. 26. Under such regulations as the President may prescribe and notwithstanding the provisions of the fourth proviso of section 1 (a) of this Act, in transfers between departments for reasons of reduction in force or transfer of function, expenses authorized under section 1, subsections

(a) and (b) and subsections (e) and (f) other than expenses authorized in connection with transfers to foreign countries, and under sections 23 and 24 of this Act may be paid in whole or in part by the department from which the officer or employee is transferred or by the department to which he is transferred, as may be agreed upon by the heads of the departments concerned.

“SEC. 27. Under such regulations as the President may prescribe, a former officer or employee separated by reason of reduction in force or transfer of function who is reemployed within one year of the date of such separation by a nontemporary appointment at a different geographical location from that where such separation occurred may be allowed and paid the expenses authorized by section 1 of this Act, and may receive the benefits authorized by sections 23 and 24 of this Act, in the same manner as though he had been transferred to the location of reemployment from the location where separated in the interest of the Government without a break in service.

“SEC. 28. Notwithstanding the provisions of subsections (a) and (b) of section 1, and of sections 23, 24, 25, and 27 of this Act, the travel and transportation expenses, including storage of household goods and personal effects, and other relocation allowances shall not be allowed thereunder when

1 a civilian officer or employee is transferred within the con-
2 tinental United States, excluding Alaska, unless and until
3 such officer or employee shall agree in writing to remain in
4 the Government service for twelve months following his
5 transfer, unless separated for reasons beyond his control and
6 acceptable to the department or agency concerned. In case
7 of violation of such agreement, any moneys expended by the
8 United States under said sections of this Act on account of
9 such officer or employee shall be recoverable from him as a
10 debt due the United States."

11 SEC. 3. Regulations under this Act shall be prescribed
12 within ninety days following the date of enactment but shall
13 be retroactive to such date.

Passed the House of Representatives March 23, 1966.

Attest:

RALPH R. ROBERTS,

Clerk.

Calendar No. 1322

89TH CONGRESS
2D SESSION

H. R. 10607

[Report No. 1357]

AN ACT

To amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

MARCH 25, 1966

Read twice and referred to the Committee on
Government Operations

JUNE 30, 1966

Reported without amendment

July 11, 1966

13. STATION TRANSFERS. Passed without amendment H. R. 10607, to extend provisions for reimbursement of certain moving and storage expenses of Federal employees when transferred from one official duty station to another. This bill provides for: (1) an increased weight allowance for shipment of household goods, (2) certain family transportation expenses, (3) storage expenses for household goods where housing is in short supply, (4) payment of certain real estate transactions incident to the station transfer, and (5) payment of a cash allowance for certain miscellaneous expenses. This bill will now be sent to the President. pp. 14419-20
14. RESEARCH. Sen. Bartlett commended and inserted a speech by Secretary of the Interior Udall on "Exploiting the Ocean," which he stated defines the needs that prompted him to sponsor legislation to develop fish protein concentrate plants and to expand marine sciences and marine resource development. pp. 14438-9
15. TIRE SAFETY. Sen. Nelson commended passage of the proposed Tire Safety Act and inserted articles on the subject. pp. 14433-7
16. POVERTY. Sen. Proxmire inserted the text of a debate involving Sargent Shriver and Sens. Clark and Scott over the antipoverty program which he recommended for both supporters and critics of OEO. pp. 14406-9
17. COSPONSORS. Senators Bartlett, McCarthy and Mondale were added as cosponsors of S. 3550, to provide a 25-cent-per-bushel export marketing certificate on wheat; and Sens. Tower, Morse, and Yarborough were added as cosponsors of S. 3097, to encourage and assist in the preservation and maintenance of historic structures. pp. 14397-8
18. INTERGOVERNMENTAL RELATIONS. Sen. Mansfield commended and inserted an article by Sen. Muskie, "The Challenge of Creative Federalism." pp. 14398-400
19. BALANCE OF PAYMENTS. Sen. Symington commended Secretary of Commerce Connor for pointing out "the growing danger incident to our continuing inability to handle the balance of payments problem." pp. 14404-5
20. FOREIGN AID. The Foreign Relations Committee reported on July 7, during adjournment, S. 3584 (an original bill), the foreign aid authorization bill (S. Rept. 1359). p. 14391
Sen. Inouye reviewed the accomplishments of our "economic and social assistance in South Vietnam" since 1954 including farm improvements. pp. 14441-2
Sen. Talmadge called attention to a "thank you" message to AID, the U. S. Congress, and the American people on behalf of the children of Latin America who benefited through the school feeding programs sponsored by AID. pp. 14442-5
21. FOREIGN TRADE. Sen. Williams, Del., inserted an article, "U. S. Wheat for the Reds," which he stated "calls attention to the fact that U. S. wheat is going to two Communist countries." p. 14406
Sen. McGovern called our policies with reference to sales of American grain to Communist countries "self defeating" and inserted an article supporting his views. pp. 14441

22. WATER RESOURCES. Passed as reported S. 2287, to authorize a five-year hydro-logic study and investigation of the Delmarva Peninsula. (pp. 14421-2) This bill had been reported with amendments on July 7, during adjournment (S. Rept. 1362). p. 14391
The Interior and Insular Affairs Committee reported with amendments S. 3034, to authorize feasibility studies of certain potential Federal reclamation projects in 17 Western States (S. Rept. 1368). p. 14393
Sen. Morse commended and inserted an article urging improved use of water resources in the Pacific Northwest and a Portland Chamber of Commerce resolution favoring water quality control for the Tualatin reclamation project, Oreg. pp. 14501-03
23. RECREATION. Passed as reported S. 3035, to establish a program for the preservation of historic properties throughout the Nation. (pp. 14490-93) This bill had been reported with an amendment on July 7, during adjournment (S. Rept. 1363). p. 14391
24. WATER POLLUTION. The Public Works Committee reported with an amendment S. 2947, to improve and make more effective certain programs under the Federal Water Pollution Control Act (S. Rept. 1367). p. 14393
25. FARM PROGRAM. Sen. Mundt criticized this Department for "lack of cooperation" in aiding farmers and inserted an article urging farmers to take an active part in solving agricultural "problems." pp. 14427-8
26. LEGISLATIVE PROGRAM. Made the pending business S. 3112, the proposed Clean Air Act Amendments of 1966. pp. 14493-4
27. SURPLUS PROPERTY. Passed without amendment S. 2610, to amend section 201(c) of the Federal Property and Administrative Services Act of 1949, to authorize the exchange or sale of personal property items and apply the proceeds of the sale or exchange allowance against the purchase price, except that before such sale or exchange is made the property shall be made available for transfer (1) to other Federal agencies for further utilization, or (2) made available for donation to health, education, civil defense, or research, or (3) traded in under the exchange sale provision of section 201 (c) of the Federal Property and Administrative Services Act of 1949, as amended. pp. 14418-9

ITEMS IN APPENDIX

28. WATER POLLUTION. Rep. Fascell inserted an address concerning the problems of water pollution. pp. A3577-8
29. FORESTRY. Rep. Sikes inserted an article, "Florida Newspaperman Wins Forestry Award." pp. A3585-6
30. WATERSHED. Extension of remarks of Rep. Moeller congratulating the citizens of his district for having finalized details for the construction of the first dam for the Margaret Creek watershed. pp. A3586-7
31. WORLD FOOD. Extension of remarks of Rep. Hanna urging cooperation between the U. S. Government and the food industry in the fight against malnutrition, and inserting an article presenting some of the latest work being done to combat malnutrition on the level of improved diets. pp. A3593-4
32. OPINION POLL. Rep. Fraser inserted the results of a questionnaire, including items of interest to this Department. pp. A3595-6

PURPOSE

This bill would amend section 201(c) of the Federal Property and Administrative Services Act of 1949, as amended, to authorize the head of each agency, under regulations prescribed by the Administrator of General Services, to exchange or sell equipment, furniture, fixtures, and other items of personal property and apply the proceeds of sale or exchange allowance against the purchase price, except that before such sale of exchange is made the property shall be made available for transfer (1) to other Federal agencies for further utilization; or (2) made available for donation to health, education, civil defense, or research; or (3) traded in under the exchange sales provision of section 201(c) of the Federal Property Administrative Services Act of 1949, as amended.

The bill also provides that the items exchanged must be similar to the ones procured and that such transactions shall be evidenced in writing.

BACKGROUND AND USE OF SECTION 201(C)

Section 201(c) of the Federal Property and Administrative Services Act of 1949, authorizes agencies to exchange or sell personal property and apply the trade-in allowance or proceeds of sale for property acquired, as follows:

"In acquiring personal property, an executive agency, under regulations to be prescribed by the Administrator, may exchange or sell similar items and may apply the exchange allowance or proceeds of sale in such cases in whole or in part payment for the property acquired: *Provided*, That any transaction carried out under the authority of this subsection shall be evidenced in writing."

This part of the Property Act was designated to supersede 21 statutes or provisions of laws which were repealed by section 602 of the act. The original statutes authorized the heads of some of the departments and agencies to trade in used equipment and apply the allowance against the cost of new equipment. Those statutes were enacted during the period 1912-41 at which time it was common practice to turn in motor vehicles, typewriters, adding machines, and other office equipment and apply the allowance against the cost of new equipment.

Initially this authority was limited to a few items; however, during the postwar period the number of items that could be exchanged or sold, and the proceeds applied to new procurement, steadily increased throughout the Federal service.

During the past few years the committee has received a number of communications from the State agencies for surplus property and other local officials complaining about the sale of Government property which is usable and needed for educational purposes. Most of these complaints have centered around the growing tendency of the Government to sell more and more property under section 201(c) which, in turn, diminishes both the quality and quantity of property available for donation to the States.

(The State agencies for surplus property are responsible for locating, screening, warehousing, and distributing surplus property for donation to schools, colleges, and medical institutions, and are therefore vitally concerned with the operation of the Government's surplus property program.)

State officials have expressed concern over the increased sale of property under the exchange sales provision of section 201(c), which adversely affects the donation program authorized by section 203 of the Property Act. They further contend that section 201(c) is not being used with discretion, as intended, but as a means of augmenting the annual appropriations of Federal agencies. It is their contention that if this or a similar bill is not enacted, the Defense Department, which currently follows the procedures prescribed by this bill, will, undoubtedly, change

its regulations to conform with the GSA procedure, and, since a large amount of surplus property is generated by the military, such action would be fatal to the donation program.

There is obviously a close relationship between exchange sales of property and the donation program, in that as more property is turned in for new equipment, less property becomes surplus thus reducing the volume of property available for donation purposes.

Section 203(j) of the Property Act permits the Administrator of General Services discretionary authority in the donation of surplus personal property as follows:

"Under such regulation as he may prescribe, the Administrator is authorized in his discretion to donate without cost (except for costs of care and handling) for use in any State for purposes of education, public health, or civil defense, or for research for any such purpose, any equipment, materials, books, or other supplies (including those capitalized in a working capital or similar fund) under the control of any executive agency which shall have been determined to be surplus property and which shall have been determined under paragraph (2), (3), or (4) of this subsection to be usable and necessary for any such purpose."

In 1955, the Congress enacted legislation to overcome administrative action similar to that presented in this case. At that time the Department of Defense proposed to prohibit the donation of surplus property which was carried in a revolving fund. That prohibition would have seriously curtailed the amount of surplus property available for the donation program. Legislation to nullify those regulations was promptly introduced in the House by Congressman JOHN W. MCCORMACK, and in the Senate by Chairman Senator JOHN L. MCCLELLAN and 21 cosponsors. Those measures were approved on June 3, 1955, as Public Law 84-61. The law specifically provided that for donation purposes, "no distinction shall be made between property capitalized in a working-capital fund established pursuant to section 405 of the National Security Act of 1947 * * *."

HEARINGS

No specific hearings were held on S. 2610. However, the Subcommittee on Foreign Aid Expenditures held extensive hearings on a number of related bills during the 1st session of the 89th Congress. This bill emanated from those hearings and is intended to reassert and clarify congressional policy with regard to the disposal of unneeded personal property.

The hearings revealed that an increasing amount of Government property is being sold to the public, or traded in under the exchange sales provisions of the Federal Property and Administrative Services Act of 1949, with the result that a great deal of property is diverted from the regular channels of disposal to health, education and civil defense activities.

The committee noted that section 201(c) of the Property Act has been used as the legal authority for selling Government property under a spot bid, or the open competitive bid method for moving property out of the supply system. The legislative history and background of the Federal Property and Administrative Service Act does not support this interpretation of the law. Selling property under this authority further reduces the volume of surplus property which would otherwise be available to schools and colleges through the donation program.

Many of the items currently being sold under section 201(c) could be used in the classrooms, laboratories, and vocational schools but can only be obtained now by the schools by bidding against the surplus property dealers. Some of the items offered for sale under the exchange sale procedure consist of cafeteria equipment, battery chargers, gasoline

pumps, aircraft jacks, machine tools, household ranges, sterilizers, conveyors, bathroom fixtures, drinking fountains, sinks, and hand drills which are seldom, if ever, exchanged by private concerns.

Officials of the National Association of State Agencies for Surplus Property testified that the sale of property under section 201(c) denies the schools and colleges of much needed property, and noted that some of the school administrators are at a loss to understand why the Government was selling the same property which the schools and colleges need.

On March 26, 1966, the General Services Administration released new regulations designed for the ostensible purpose of tightening up the exchange sales procedures under section 201(c) of the Property Act (see vol. 31, No. 59 of Federal Register).

The new regulations reduced the number of items which can be exchanged from 69 to 41. However, some of the items formerly listed under several categories are now combined into a single listing, while some of the others which were omitted never were available for donation anyway with the result that very little, if any, improvement has been made, or is expected, from the new regulations.

The committee is convinced that the original intent of section 201(c) was sound but that so much property is now being sold under its provisions that the effectiveness of the surplus property donation program is being seriously diluted.

The Congress has repeatedly endorsed and supported that program, which has contributed much to the health, education and civil defense activities of the States, and this committee does not intend to have the program crippled by administrative action.

AMENDMENT OF THE ADMINISTRATIVE EXPENSES ACT OF 1946, AS AMENDED

The bill (H.R. 10607) to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1357), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

This bill would amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving and storage expenses of Federal employees when transferred from one official duty station to another, in the interest of the United States.

The bill would authorize, under such regulations as the President may prescribe, the head of each Federal department and independent agency to reimburse employees for moving their household goods and personal effects, transportation and subsistence of their families, and other allowances when such employees are transferred. At the present time, only a part of such expenses are paid by the Government, and the remainder must be paid by the transferred employee. The Civil Service Commission conducted a survey of over 5,000 employees transferred by the Government in fiscal year 1962. It found

that approximately 83 percent of those employees incurred losses averaging more than \$500 and that a significant number lost more than \$1,000 per move.

Unreimbursed expenses frequently incurred are those for moving household goods and personal effects in excess of 7,000 pounds; the subsistence expense of members of the moving employee's family while enroute to the new duty station; the cost of an advance trip to seek satisfactory living quarters for himself and his family; the rent of temporary quarters while waiting for permanent living quarters; the cost of selling and buying a residence or in canceling leases; and a range of miscellaneous expenses such as connecting and disconnecting appliances, adjusting rugs and draperies, among many others.

This bill seeks to remedy this situation by providing additional benefits and allowances, so that employees will not have to incur financial losses when transferred at the request of the Government.

The principal features of the bill provide for—

1. An increase in the weight limitation allowed for shipment of household goods from 7,000 to 11,000 pounds for each family.

2. One round trip to the new location for the employee and his spouse for the purpose of obtaining a place to live; and financial assistance for subsisting the employee's immediate family while en route to the new station.

3. Storing an employee's household goods in certain areas where housing is in short supply, or not immediately available.

4. Payment of certain real estate transactions resulting from the employees' sale or purchase of residence, or lease settlement of rented quarters, incident to transfer from the old to the new station.

5. The payment of a cash allowance up to \$632 to cover miscellaneous expenses of the transferred employee.

Although not in the nature of allowances, the bill contains two additional significant provisions. In order to assure that the Government does not pay the moving expenses of employees who do not intend to remain in Government service after they are moved, the bill provides that employees must agree in writing to remain with the Government for at least 1 year after they move, unless separated for reasons beyond their control. If the agreement is violated, the amounts allowed by the Government as moving expenses must be refunded.

The other provision would permit the Government to exercise judgment in deciding whether an employee's household goods shall be shipped by the Government on Government bills of lading or shall be shipped by the employee under the commuted rates system applicable under the current law to transfers within the contiguous 48 States. Under the commuted rate system the employee selects the household goods carrier and has his goods moved. He is then reimbursed by the Government under a scale of reimbursement which is based upon commercial tariffs, applicable to the general public and approved by the Interstate Commerce Commission. This method has proven satisfactory generally but in some instances the use of the Government bill of lading method would be less costly to the Government. The bill would permit the Government to use the more economical method, depending upon the circumstances.

EXISTING LAW

At the present, under the Administrative Expenses Act, civilian employees of the Government may be reimbursed for four kinds of moving expenses, they are: (1) The cost of transporting up to 7,000 pounds of household goods, (2) the temporary storage of employees' property, under certain conditions, (3) the transportation of employees and their

families, and (4) subsistence expenses of employees—but not their families—when traveling to the new duty station.

For the military the Government provides a special relocation allowance, equal to the basic monthly allowance for quarters, for a member of the uniformed services whose dependents move when he has a permanent change of station. (Career Incentive Act of 1955, Public Law 20, 84th Cong.)

In addition, the Government provides for officers and employees transferring under the Foreign Services Act of 1946 allowances and reimbursement covering many expenses of the kinds proposed to be covered under this bill (60 Stat. 1025, 1026, and 1027). Legislation passed in the 86th Congress provides other civilian employees assigned to foreign areas with special transfer allowances for extraordinary, necessary, and reasonable expenses, not otherwise compensated for (Public Law 86-707).

BACKGROUND

H.R. 10607 was drafted by the U.S. Civil Service Commission and submitted to Congress for introduction during the early part of 1965. Similar proposals were introduced in the Senate, as S. 2374 and S. 2516, and referred to this committee for consideration. The Civil Service Commission urges enactment of this legislation stating that:

"Such action is needed if we are to facilitate administrative action lessening the economic hardship employees must face when forced to move at the convenience of the Government. This is especially true because the program for closing surplus bases of the Department of Defense is continuing.

"If the Government expects to attract, retain, and develop top-quality people, it must provide, in addition to pay, the kind of working conditions necessary to achieve those sound objectives. Agencies now hesitate to require employees to move because of the financial losses they sustain. It is not only a question of fairness to employees, it is a matter of prudent administration to protect the Government's investment in its skilled manpower by paying the legitimate costs of transfer.

"* * * most private employers reimburse moving expenses to the extent recommended in this legislation and in many instances they go substantially beyond the limits that are proposed here."

The Executive and Legislative Reorganization Subcommittee of the House Committee on Government Operations held extensive hearings on H.R. 10607, at which time Mr. John W. Macy, Chairman of the Civil Service Commission, and Mr. Elmer B. Staats, former Deputy Director of the Bureau of the Budget testified in support of the bill. Three Members of Congress, a representative from the General Accounting Office, and several officials from labor unions and Federal employee organizations also appeared and urged the committee to take favorable action on the proposed legislation. The bill was reported by the committee on October 21, 1965, and passed the House of Representatives, with amendments on March 23, 1966.

The amendments approved by the House of Representatives provided for (a) Making the limitations imposed by section 23 on subsistence expenses apply to transfers taking place within the United States; (b) limiting reimbursement for brokerage fees and other expenses to those fees customarily charged in each community; (c) limiting the allowance for miscellaneous expenses to 2 weeks base pay for an employee with a family and 1-week compensation for an employee without a family—but in no event to exceed GS-13 salary and (d) extending from 6 months to 1 year the period of reemployment after separation when an employee will be eligible for reimbursement of moving expenses.

This bill would enable the Government to more nearly meet the actual expenses in-

curred by the transferred employee who is uprooted and moved in the interest of the Government. It will provide uniform financial assistance for moving each member of the family, rather than paying all of the expenses of the employee but making no allowance for members of his immediate family. It has been estimated that more than 35,000 employees a year are involved in transfers at the request of the Government and that the vast majority must use personal funds to help pay the cost of moving to the new place of employment.

Except for some relief for postal employees, similar to that proposed by H.R. 10607, no change in the basic law or allowances has been given to Federal employees since 1948.

THE ALLOWANCES AUTHORIZED BY H.R. 10607 SHOULD NOT BE TAXABLE

The Internal Revenue Service has held that, under the present law, allowances or reimbursements to employees for moving expenses constitutes taxable income to the employees, with the exception of allowances, or reimbursements for moving an employee's family and household goods, his personal effects, and meals and lodging while in transit to the new location. The Service maintains that with this exception, allowances or reimbursements for moving expenses are compensation paid to an employee, and furthermore maintains that employers should withhold income tax on the amounts paid. Thus, allowances or reimbursements for such items as house-hunting trips, temporary living expenses, and real estate fees are presently deemed reportable as income and taxable. The committee considered a proposed amendment to H.R. 10607 which would specifically have exempted the allowances and benefits authorized by this bill from taxation, unless, of course, the taxpayer should realize a gain from such reimbursement.

The committee endorses the intent of this proposed amendment. However, in view of the jurisdictional problems which might be raised as a result of adding such language to this bill and in view of the fact that general legislation similar to the proposed amendment is currently pending before the Ways and Means Committee of the House and the Finance Committee of the Senate, the amendment was not adopted.

The committee is of the view, however, that the general purpose and effect of H.R. 10607 would be seriously diluted if the benefits and allowances authorized thereunder are deemed taxable as income. In this regard the committee is in full accord with the following testimony given on this matter by John W. Macy, Chairman of the Civil Service Commission before the House Committee:

"* * * the basic philosophy behind this legislation would indicate that this is not compensation, this is not additional income. This is reimbursement, and therefore, should not be taxable."

ESTIMATED ANNUAL COST

The committee was informed that enactment of this bill might cost as much as \$40 million per year, depending on the number of transfers authorized by the head of each agency, the number of employees and size of the families transferred from one location to another.

BILLS PASSED OVER

The bills (S. 3583) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward internal and external security; (S. 3584), to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes; the bill (S. 3467) to amend the National School Lunch Act, as amended,



Public Law 89-516
89th Congress, H. R. 10607
July 21, 1966

An Act

80 STAT. 323

To amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (a) of section 1 of the Administrative Expenses Act of 1946 (60 Stat. 806, as amended; 5 U.S.C. 73b-1(a)), is amended by—

Administrative
Expenses Act of
1946, amendments.

46 Stat. 1103;
63 Stat. 167.

(1) striking the words "the Act of February 14, 1931" appearing in the first parentheses contained therein, and inserting in lieu thereof "section 4 of the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 837)";

(2) striking the word "seven" appearing in the second parentheses contained therein, and inserting in lieu thereof the word "eleven";

(3) striking out the first proviso contained therein the words "the Subsistence Expense Act of 1926 (5 U.S.C. 828)" and inserting in lieu thereof the words "section 5 of the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 838)".

44 Stat. 688;
63 Stat. 167.

(b) Subsection (b) of section 1 of the Administrative Expenses Act of 1946 (60 Stat. 807, as amended; 5 U.S.C. 73b-1(b)), is amended by adding the following words immediately before the period at the end of the first sentence in the subsection "except that payment of actual expenses may be made whenever, under regulations prescribed by the President, the head of the agency determines that such method of payment is more economical to the Government."

SEC. 2. The Administrative Expenses Act of 1946 (60 Stat. 806), as amended, is further amended by adding the following new sections:

"SEC. 23. Under such regulations as the President may prescribe and to the extent deemed necessary and appropriate, as provided therein, appropriations or other funds available to the departments for administrative expenses shall be available for the reimbursement of all or part of the following expenses of officers or employees for whom the Government pays expenses of travel and transportation under subsection (a) of section 1 of this Act:

Administrative
expenses funds,
availability
for certain
other costs.

"(1) The expenses of per diem allowance in lieu of the subsistence expenses of the immediate family of the officer or employee while en route between his old and new official stations, not in excess of the maximum per diem rates prescribed in or pursuant to section 3 of the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 836).

Per diem.

"(2) The expenses of per diem allowance in lieu of subsistence of the officer or employee and his spouse, not in excess of the maximum per diem rates prescribed in the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 836), and the expenses of transportation to seek permanent residence quarters at a new official station when both the old and new stations are located within the continental United States, excluding Alaska, provided that such expenses may be allowed only for one round trip in connection with each change of station of the officer or employee.

Locating resi-
dence.

"(3) The subsistence expenses of the officer or employee and his immediate family for a period of thirty days while occupying temporary quarters when the new official station is located within the United States (including the District of Columbia, its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone: *Provided*, That the period of residence in temporary quarters may

Temporary
quarters.

be extended for an additional thirty days when the officer or employee moves to or from Hawaii, Alaska, the territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone: *Provided further*, That reimbursement for subsistence expenses actually incurred may not exceed an amount determined from such average daily rates per person as may be prescribed in such regulations, but not in excess of the maximum per diem rates prescribed in or pursuant to section 3 of the Travel Expense Act of 1949 (63 Stat. 166, as amended; 5 U.S.C. 836), for the localities in which the temporary quarters are located, for the first ten days of such period, two-thirds of such rates for the second ten days, and one-half for the balance of such period, including the additional thirty days.

Sale of residence.

"(4) The expenses of the sale of the residence (or the settlement of an unexpired lease) of the officer or employee at the old official station and purchase of a home at the new official station required to be paid by him when the old and new official stations are located within the United States (including the District of Columbia), its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone, but reimbursement for brokerage fees on the sale of the residence and other expenses under this subsection shall not exceed those customarily charged in the locality where the residence is located and no reimbursement shall be made for losses on the sale of the residence. This provision applies regardless of whether the title to the residence or the unexpired lease is in the name of the officer or employee alone, in the joint names of the officer or employee and a member of his immediate family, or in the name of a member of his immediate family alone.

Family or self, allowance.

"SEC. 24. Under such regulations as the President may prescribe and to the extent deemed necessary and appropriate, as provided therein, and notwithstanding other reimbursement authorized under this Act, an officer or employee who is reimbursed under section 1(a) or section 23 of this Act shall, if he has an immediate family, receive an amount not to exceed two weeks' basic compensation, or, if he does not have an immediate family, an amount not to exceed one week's basic compensation: *Provided*, That such amounts shall not exceed amounts determined from the maximum rate of grade GS-13 in the General Schedule of the Classification Act of 1949, as amended.

Ante, p. 288.

Storage.

72 Stat. 843.
5 USC 73b-3.

"SEC. 25. Under such regulations as the President may prescribe—
"(a) Whenever any civilian officer or employee (including any new appointee in accordance with section 7(b) of this Act, as amended) is assigned to a permanent duty station at an isolated location in the continental United States, excluding Alaska, to which he cannot take or at which he is unable to use his household goods and personal effects because of the absence of residence quarters at such location, nontemporary storage expenses or storage at Government expense in Government-owned facilities (including related transportation and other expenses), whichever is more economical, may be allowed such officer or employee under regulations issued by the head of the Executive Department or agency concerned. In no instance shall the weight of the property stored under this subsection, together with the weight transported under section 1 or section 7(b) of this Act, exceed the total maximum weight the officer or employee would be entitled to have moved, and the period of nontemporary storage shall not exceed three years.

60 Stat. 806.
5 USC 73b-1.

"(b) This section does not authorize reimbursement to officers and employees traveling under orders issued more than sixty days prior to the effective date of this section.

Transfers between departments.

"SEC. 26. Under such regulations as the President may prescribe and notwithstanding the provisions of the fourth proviso of section 1(a)

of this Act, in transfers between departments for reasons of reduction in force or transfer of function, expenses authorized under section 1, subsections (a) and (b) and subsections (e) and (f) other than ex- 60 Stat. 608;
penses authorized in connection with transfers to foreign countries, 74 Stat. 796,
and under sections 23 and 24 of this Act may be paid in whole or in 797.
part by the department from which the officer or employee is trans- 5 USC 73b-1.
ferred or by the department to which he is transferred, as may be
agreed upon by the heads of the departments concerned.

"SEC. 27. Under such regulations as the President may prescribe, Separations.
a former officer or employee separated by reason of reduction in force
or transfer of function who is reemployed within one year of the date
of such separation by a nontemporary appointment at a different geo-
graphical location from that where such separation occurred may be
allowed and paid the expenses authorized by section 1 of this Act,
and may receive the benefits authorized by sections 23 and 24 of this
Act, in the same manner as though he had been transferred to the
location of reemployment from the location where separated in the
interest of the Government without a break in service.

"SEC. 28. Notwithstanding the provisions of subsections (a) and Conditions.
(b) of section 1, and of sections 23, 24, 25, and 27 of this Act, the
travel and transportation expenses, including storage of household
goods and personal effects, and other relocation allowances shall not
be allowed thereunder when a civilian officer or employee is trans-
ferred within the continental United States, excluding Alaska, unless
and until such officer or employee shall agree in writing to remain in
the Government service for twelve months following his transfer,
unless separated for reasons beyond his control and acceptable to the
department or agency concerned. In case of violation of such agree-
ment, any moneys expended by the United States under said sections
of this Act on account of such officer or employee shall be recoverable
from him as a debt due the United States."

SEC. 3. Regulations under this Act shall be prescribed within ninety Effective date.
days following the date of enactment but shall be retroactive to such
date.

Approved July 21, 1966.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 1199 (Comm. on Government Operations).
SENATE REPORT No. 1357 (Comm. on Government Operations).
CONGRESSIONAL RECORD, Vol. 112 (1966):

Mar. 23: Considered and passed House.
July 11: Considered and passed Senate.

